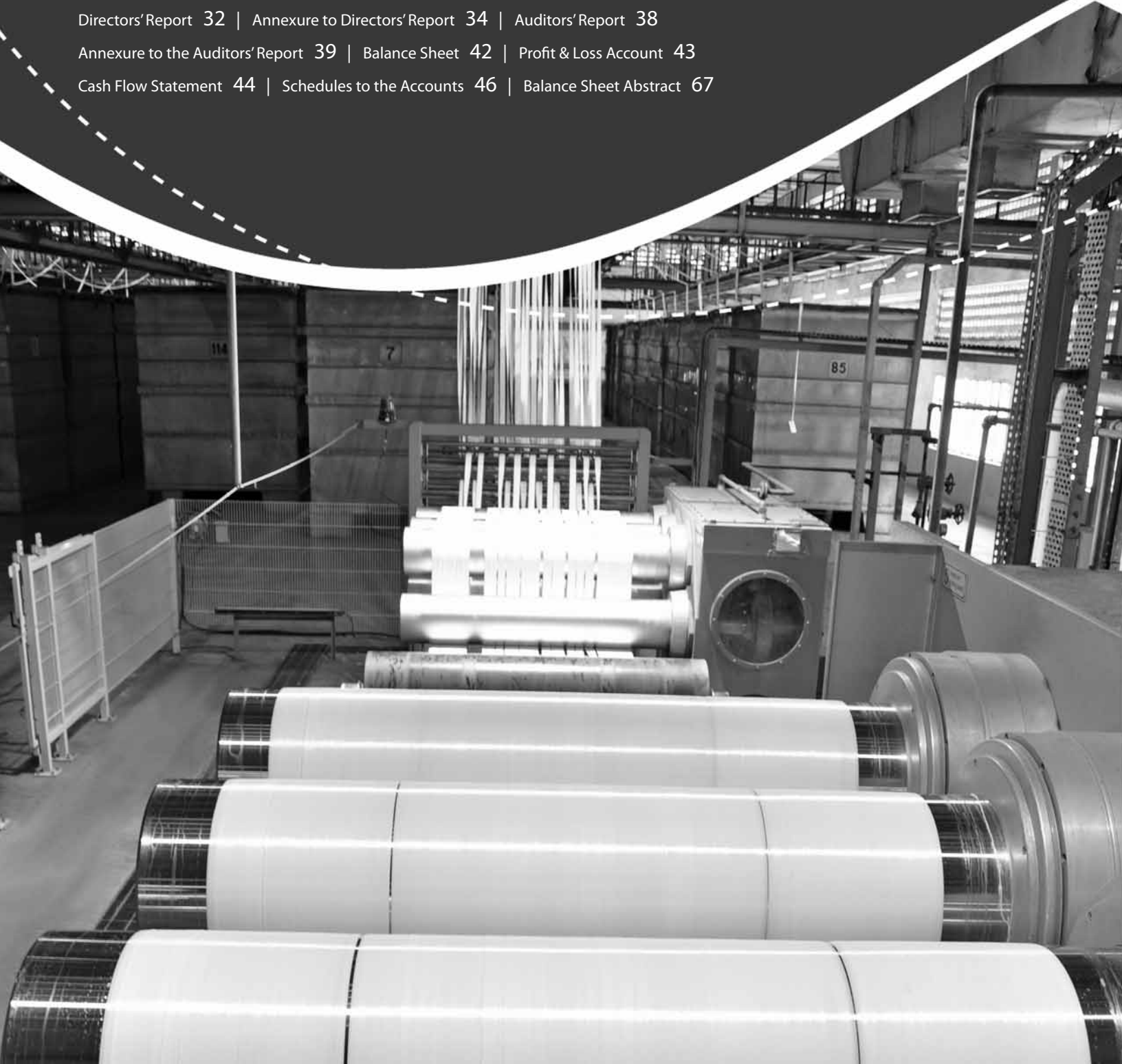


| **SPINNING A NEW SUCCESS STORY** |
Annual Report 2009-10



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Board of Directors

M. L. Lohia

Chairman Emeritus

O. P. Lohia

Chairman & Managing Director

O. P. Vaish

A. K. Ladha

Dr. Arvind Pandalai

Vishal Lohia

Whole-time Director

Corporate Executives

R. S. Singhvi

President & CFO

Anant Kishore

Chief Operating Officer (Polyester)

SBU Polyester

Hemant Sharma

Business Head

Sharad Verma

Plant Head

Company Secretary

N. C. Jain

Jayant Sood

Auditors

B S R and Associates, Gurgaon

Bankers

Axis Bank Limited

Bank of India

HDFC Bank Limited

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

State Bank of Travancore

Standard Chartered Bank

Institutions

BHF-Bank AG

DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH

IKB Deutsche Industriebank AG

Life Insurance Corporation of India



CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2009-10 was a very challenging year. After the gloom of 2008-09, when the world economy slumped into an abyss, we entered the year of 2009-10 with a lot of uncertainties, given the tough economic conditions. However, towards the end of the fiscal, most of the developed economies started reporting some moderate growth while countries in the developing world have registered high level of economic growth and some have become new centres of global capacity, demand and control over natural resources. Amidst such a shake up, the Indian economy showed resilience. Though the GDP growth declined from an average of over 9% in the preceding three years and was around 8% during the last fiscal, India's performance was remarkable given the global economic backdrop. The primary reason being India is also a self consumption/market driven economy. Despite all odds, we performed better as we continued to rely on our proven strategic principles and successfully came out of the grip of recession.

From our organization perspective, looking back, the past year was not only challenging but also successful in certain terms in the midst of a highly turbulent economic and business situation. For the year ended 31st March 2010, your Company recorded net sales of Rs. 2,526 Crore representing a marginal increase of 3.3% as compared to the previous year which is considered satisfactory considering the effect of the economic downturn. EBIDTA was up at Rs. 233.8 Crore as against Rs. 134.8 Crore last year representing an increase of 73.4%. Profit Before Tax stood at Rs. 7.6 Crore against a loss of Rs. 146.7 Crore for the previous year. The net profit was Rs. 7.2 crore as against a net loss of Rs. 97.8 Crore in the previous year.

The stimulus package announced by the government in 2008-09 to counter the global recessionary onslaught had substantially achieved the desired objective. Symptoms of economic recovery had started appearing more clearly, hence government decided to partially roll back excise reductions and increased standard rate of excise duty from 8% to 10%. While this marginal increase will have a cascading effect on the prices of raw materials and finished goods, nevertheless, the spurt in government revenues and consequential availability of more funds for developmental projects will tend to neutralize greatly any inflationary effect of this increase.

The headline inflation around double digit level has been causing concern for the economy. The Reserve Bank of India (RBI) has taken various monetary measures that include increase in CRR and hike in Repo and Reverse Repo rates to contain inflation and anchor inflationary expectation going forward while maintaining the growth momentum. Such mid cycle policy actions were warranted by the evolving macro- economic situations.

As regards the global Economic Scenerio there are definite signs of recovery in the United States. Europe is yet to show signs of economic revival with some concerns in its sustainability. In UK, recovery is yet to take place. By contrast, in the developing world, China, India, Brazil and certain Asian countries are registering very stong sustainable economic growth with robust domestic markets. In 2025, it is forecast that the BRIC countries will have 42% of the global population, will consume 60% of global production and will have 70% of the global GDP.

There are signs of textile demand growth in the domestic market and there are also indications of recovery happening in textile demand in the US, EU and other global markets which should have its positive impact on polyester growing at a faster rate than any other fibre. Exports have started picking up and the manufacturing sector is witnessing better realization and improved margins. 2009-10 witnessed the Indian Textile Industry recovering from the slowdown with strong domestic consumption and renewed export demand. As per CRISIL estimates, the domestic textile market is expected to grow at a CAGR of 6-7%. One notable feature is that in terms of per capita fibre consumption, India still lags behind, which in a way, indicates the huge potential that can be tapped. With the cotton prices ruling at significantly high level, the relative position of polyester amongst competing fibres will lead to better off take of polyester products. The demand for polyester products grew by around 15% in FY 2009-10.

At Indorama, to meet stakeholders' expectations, every effort is on not just to be in tandem with the changing scenario, but to be steps ahead of changes. In the coming years, Indo Rama expects to emerge as a major player in the polyester industry with expansion of its production lines on one hand and by adopting modern cost effective production process on the other.

During Financial Year 2009-10, the focus of the Company's Power Division was to gain from existing inherent capacities of the system by way of overall cost cutting on fuel. The Company continues to endeavor in the enhancement of Power generation capacity and

contributing to both revenue and profitability. The increased demand for power as a pre-requisite for economic development offers good potential for us in future and shall keep us in good stead in the arena.

The toughest times seem to be behind us and global demand is seeing some recovery. The signs of recovery supported by rebound global activity due to accelerating world trade, industrial production and growing retail purchases have weathered the unseen difficult business climate across globe.

These developments portend positive projections for the coming year.

I would like to take this opportunity to thank you for supporting the Company in all these years and look forward to your continued support and encouragement. I would also like to express my gratitude to my colleagues, our customers, business associates and members of the Board for their valuable assistance. We will continue to work for enhancement of stakeholders' value and remain committed to justifying the faith and trust you have reposed in us.

Best Wishes,

O. P. Lohia

Chairman and Managing Director



**MANAGEMENT
DISCUSSION & ANALYSIS
2009-10**

Global Textile and Clothing Trade Overview

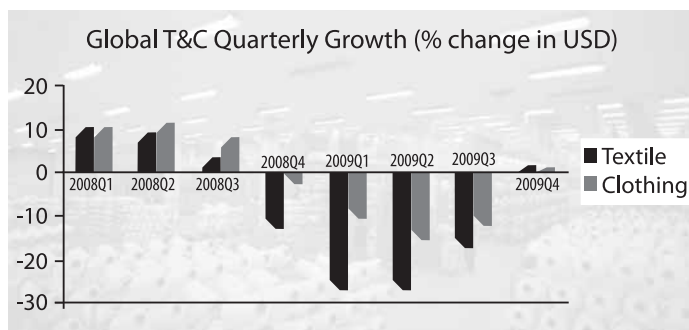
The toughest time seems to be behind us and global demand is seeing some recovery. The signs of recovery supported by rebound global activity due to accelerating world trade, industrial production and growing retail purchases have weathered the unseen difficult business climate across globe.

The global demand contracted by 0.5% in 2009 due to recessionary trend in Q1-Q3 2009 and a positive Q4 2009. The Advanced Economies declined by more than 3%, whereas, the Emerging Economies posted a modest growth of 2.5% in 2009, led by China (8.7%) and India (5.7%) as per IMF Estimates.

In the year 2009 for Advanced Economies the Imports and Exports dropped by -12% and -11.7%, whereas, in Emerging and Developing Economies Imports and Exports fell by -8.4% and -8.2%, respectively, as per the IMF Estimates. The economy showed some signs of recovery as exports moved up and global trade revived in Q3 and Q4 of 2009. The sharp erosion in wealth of individual and firms forced them to reduce the spending on all types of goods. The primary reason slump in global demand resulted in world trade of commodities contraction by 11-12% as per WTO initial estimates. The major Textile and clothing markets-USA and Europe were impacted by the recession in mid 2008 and continued to battle in 2009 through ups and down of economy.

The world textile and clothing trade is no exception and is estimated to have declined in the year 2009 by 5% at US\$ 581bn. The global textile and garment industry considerably slowed down due to global financial crisis. The demand dropped drastically in major textile markets as retail purchasing slowed down. The quarterly growth of global textile and clothing in terms of percentage change shows the drop in trade volume.

Exhibit1: Global Textile and Clothing Growth



Source: WTO 2009 Press Release Mar10, Q4 2009 Estimates

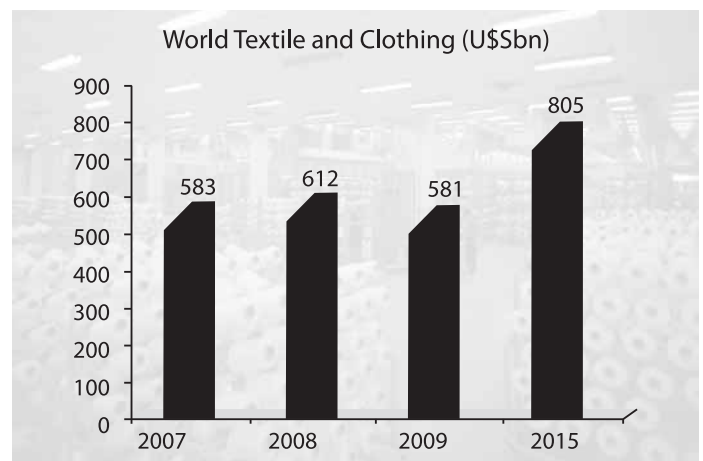
China continues to dominate the global exports in Textiles and Clothing. Today China commands an estimated 48% of World T&C Exports, of USA/Europe at 41% and that of other Countries at around 66%.

The Indian Textile Industry export in 2009-10 is estimated at US\$ 19.5bn, a drop of 7% from the year 2008-09. The appreciating INR contributed in lowering of exports value. In Indian Rupee terms the exports value has fallen only by an estimated 0.5% over 2008/09. The decline is more in trade with Europe as compared to USA. The combined exports to both EU & USA from India are more than 50%. The demand dropped due to rising unemployment in developed countries and less orders due to falling consumer confidence. The unit realization value also dropped. The drop could have been more but for positive growth in exports in Q4 2009. The visible sign of improved economy in USA and EU from Q4 FY10 is a welcome relief for Indian Textile Industry. As per IMF estimates, the world demand of all products and services is likely to grow 4.2% and 4.3% in 2010/11 and 2011/12.

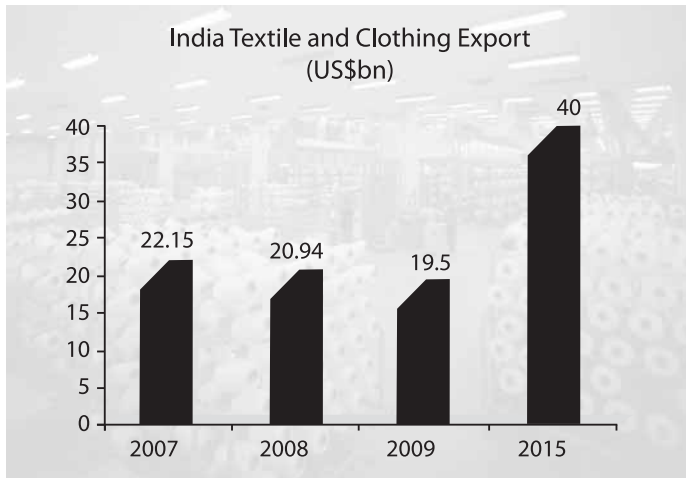
The major markets of USA and Europe, though recovering and demand showing up, yet are slow and uncertain. India should look towards newer markets like Asian Markets and adopt "Look East Policy". The South East Asia, Japan Textile and Clothing markets have huge potential so far unexplored by India's Exporters. India has a minimal share of only 1.1% in 2009 of Japan's import market and provides a great opportunity to make inroads.

The focus on developing new markets like Japan, SE Asia, South Africa, South America, New Zealand etc. in exports is a key for export growth. The two new markets Brazil and Argentina already have been identified as "Immense Potential Markets" by India. The growth of Export market is crucial for the domestic growth creating sustained manufacturing output. While Global textile trade is estimated to grow by 7% on long term, India should aim to enhance its market share from current 3.4% to around 5% by 2015.

Exhibit 2: World and India Textile and Clothing Trade (2007-2015)



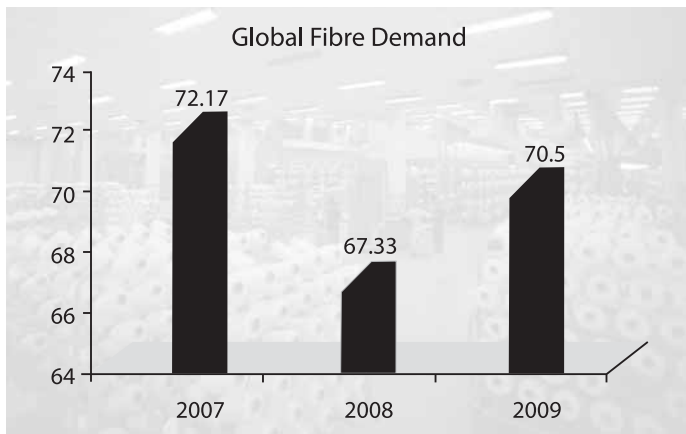
Source: Industry Intelligence & WTO



Global Fibre Demand

The global fibre demand is estimated at 70.5 Mn tons up by 4.4% from 67.5 Mn tons in 2008-09. Man made fibres up by 4.6% to 44.1 Mn tons and Natural fibres up by 4.6% to 26.4 Mn tons. The share of man made fibres in all fibres is steadily increasing from 61% in 2007 to 63% in 2009. In natural fibre, cotton consumption is projected at 25.2 Mn tons up by 5.4% from 2008-09. The other natural fibres like Wool and Silk consumption however declined. The average per capita consumption of all fibres is 10.4 kg corresponding to 6.8bn population. The world fibre is projected to grow @ 5% on Y-O-Y in the period 2010-15 owing to normalcy in world economic growth.

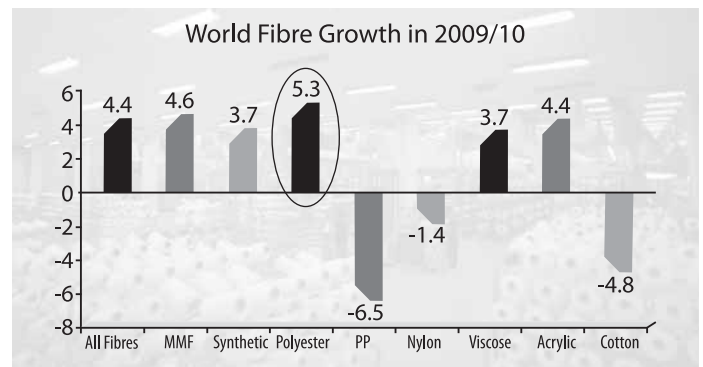
Exhibit 3: Global Fibre Demand



Source: Saurer 2009

The growth in fibre production is again led by Polyester at 5.3%, followed by Acrylic at 4.4% and Viscose at 3.7%. The growth could have been more but for negative growth in Cotton at -4.8% and Polypropylene at lowest with -6.5%. Growth of all fibres is shown in Table 4.

Exhibit 4: Growth in World Fibre 2009/10



Source: Saurer 2009

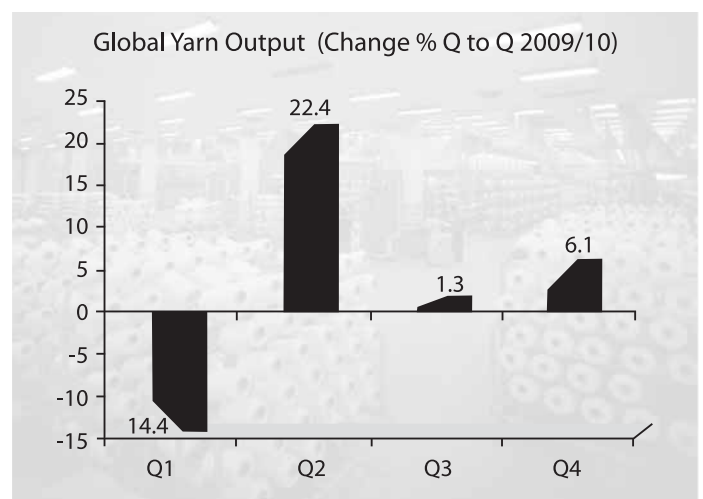
Global Yarn and Fabric

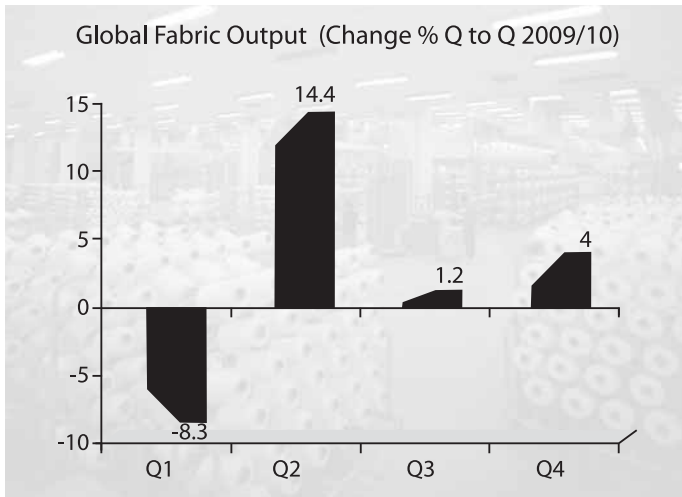
The global yarn and fabric continue to show impressive recovery barring Q1 2009/10 in the backdrop of increased industrial output in world and faster pace of economic recovery in USA, EU, Japan and across Asia.

The affect of financial crisis that started in June 2008 continued to be felt in Q1 2009 and resulted in significant lower world output of yarns and fabrics. In Q2, Q3 and Q4 FY10, strong rebound was seen as production continued to rise from the levels of Q1 2009/10.

With three quarters of 2009/10 showing positive growth, the year 2010/11 is likely to see an impressive growth in yarn and fabric production. In Asia, especially China is likely to take the lead with 15-20% growth in Yarn output and 12-15% growth in fabric production.

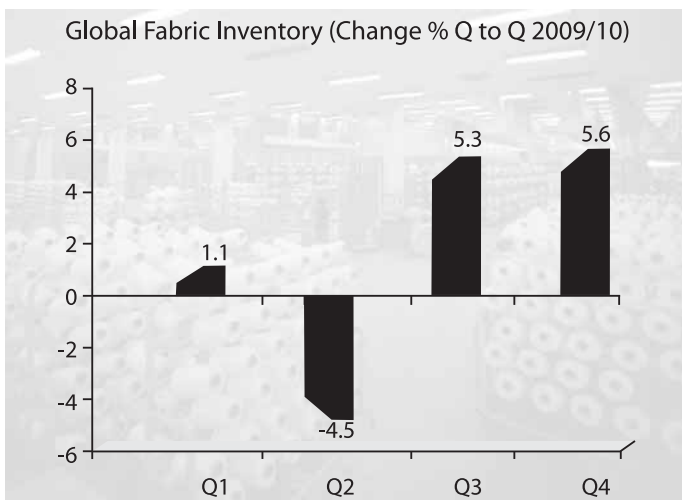
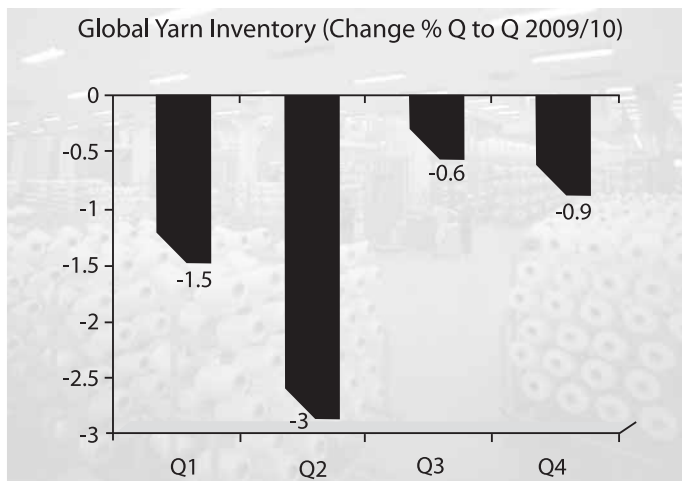
Exhibit 5: Global Yarn and Fabric Quarterly Output 2009/10





Source: ITMF Reports 2009

Exhibit 6: Global Yarn and Fabric Quarterly Inventory 2009/10



Source: ITMF Reports 2009

Cotton

The Global cotton fibre production as per Saurer estimates declined to 22.3 Mn tons by 4.8% in 2009/10 compared to previous year 23.5 Mn tons. This is the second consecutive year loss of -4.8%. In the year 2008/09 also the production loss was -9.6% when compared to 2007/08. On the demand side, cotton fibre consumption is estimated to be 5.4% up at 25.2 Mn tons from 23.9 Mn tons in 2008/09. The demand is likely to outpace production for the year 2010/11 and would result in low stock to use ratio. The world cotton production in 2010/11 is predicted at 24.2 Mn Tons (ICAC).

The surge in consumption is likely to push the cotton fibre prices to an all time high. An increase of 10% is estimated at 82 cents / lb in 2010/11 from current 75 cents / lb.

India, in contrast, managed to increase the production of cotton fibre by 0.6%. The year 2009/10 is estimated to produce 292 lakhs bales (4.96 Mn Tons) against 290 lakhs bales (4.93 Mn Tons). The domestic demand in 2009/10 is estimated at 250 lakhs bales (4.25 Mn Tons) as against 229 Lakhs bales (3.89 Mn Tons) in 2008/09. This represents an increase of 9% over 2008/09. This demand led to increase of domestic prices by more than 10% from the year 2008/09. India's share of world cotton production in 2009/10 is 22.3% and is a net exporter of cotton fibre. (Source: CAB Apr10)

Polyester

The Polyester fibre dominance continued unabated in 2009/10 also. The production of Polyester fibre grew by 5.3% largely driven by Asian countries. This signifies the robust demand Polyester fibre enjoys in applications. Polyester accounts for 45.2% of the total fibre production and 79% of the Synthetic Fibre production. Asia once again showed supremacy and accounted for 94% of total Polyester fibre production, whereas the production declined in Western countries.

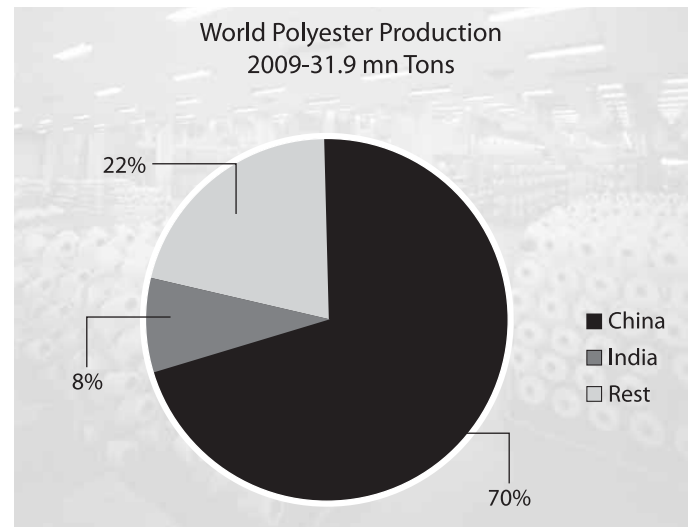
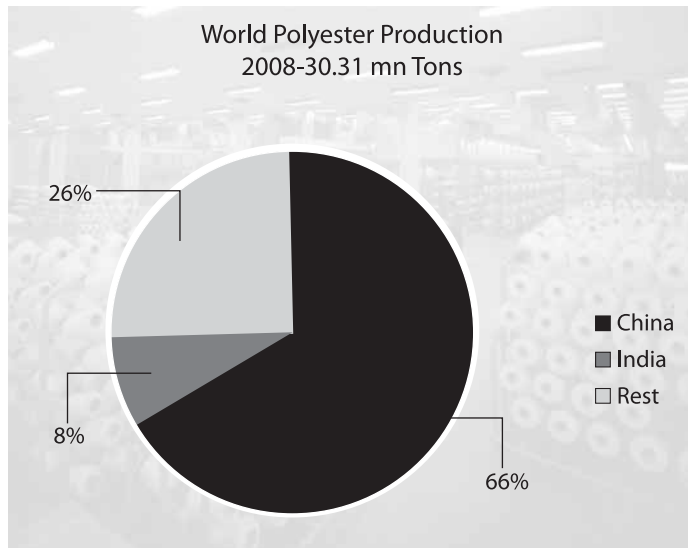
Polyester Filament Yarn recorded strong growth of 5.7% to 19.3 Mn Tons. Asia now contributes 97% of the total PFY Production of the world. The growth of PFY could have been more but for negative growth in Polyester Industrial yarn of -6.1%.

The Polyester Staple Fibre grew by 4.6% to 12.6 Mn Tons. Asia accounts for 89% of the world PSF production. The ratio of PFY to PSF remained flat at 60 to 40.

All Asian countries including India succeeded in increasing the production of Polyester fibre whereas Greater Europe, USA, Western Europe, CIS went down substantially due to sluggish demand. China further consolidated its market share in world Polyester fibre production with estimated 70% market share at an estimated 22.3 Mn Tons. India also increased its Polyester fibre production to 2.69 Mn tons,

up by 8.2% from 2008/09 figure of 2.49 Mn tons. The year 2010/11 is likely to see a growth of around 7% in Polyester fibre production.

Exhibit 7: World Polyester Production 2008 & 2009



Source: Saurer 2009/Industry Estimates

Indian Textile Industry

India's manufacturing as per IIP data grew 10.5% on Y-O-Y basis from 2008/09. The recovery in both exports and improved manufacturing conditions at home helped overall Indian Textile Industry to grow at an estimated 7.3% in 2009/10 as compared to -1.2% in 2008/09 and 5.8% in 2007/08 (FICCI / CSO). While Cotton Textiles grew at 5.2%, Man made

Textiles /wool/silk grew at 9.9%. The Textile products including apparel grew at 9.4%. The fibre growth stood at 4.2%, Yarn growth at 7% and Fabric growth at 8.2% in 2009/10.

Fibre

India's share of fibre production stands at 8.16 Mn tons that corresponds to 11.6% of world fibre supply. The all fibre production in 2009/10 is up by 4.2% over 2008/09 of 7.83 Mn Tons. The Polyester fibre grew by 8.0% from 2.49 Mn tons in 2008/09 to 2.69 Mn tons in 2009/10. India's share of world Polyester fibre production in 2009 is 8.4%. The Viscose fibre also made good gains in production at the expense of mainly cotton fibre due to capacity addition in 2009-10.

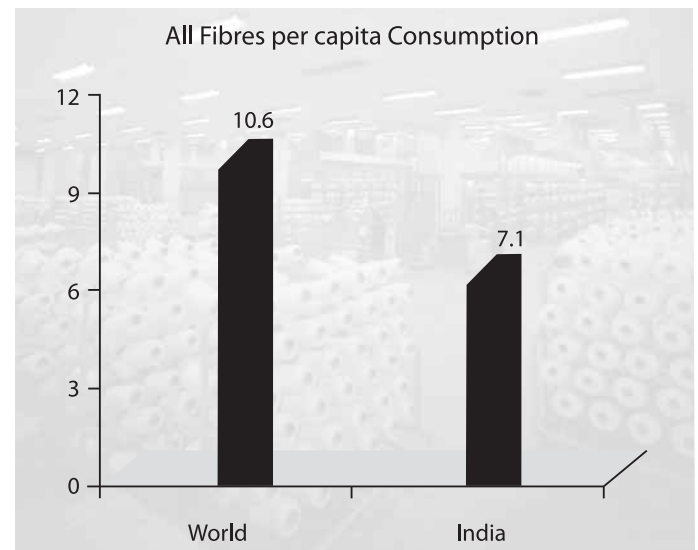
Table1: All India Fibre Production

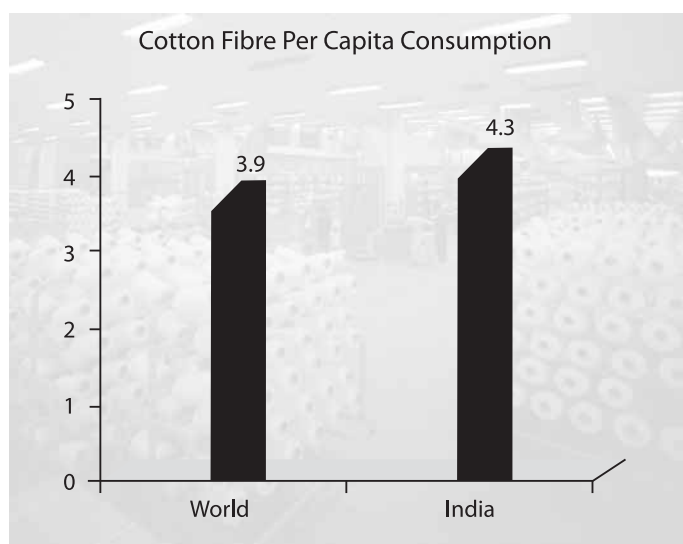
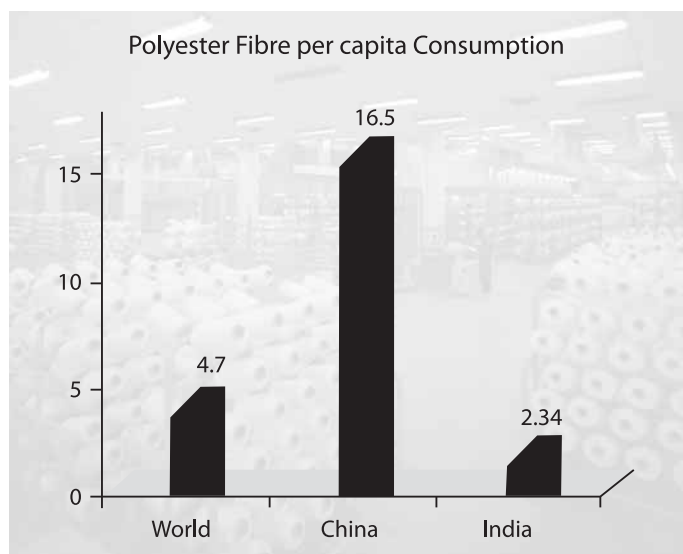
Fibre (Mn Tons)	2008/09	2009/10	% Change
All Fibres	7.83	8.16	+4.2
Cotton	4.93	4.96	+0.6
Polyester	2.49	2.69	+8.0
Others (Viscose, Acrylic, PP, Nylon etc.)	0.41	0.51	+24.0

Source: Ministry of Textiles/Industry Estimates

At an estimated Indian population of 1.15bn per capita consumption of all fibre works out at 7.1kg, up from 6.8/kg in 2008/09. The polyester per capita consumption is up at 2.34 kg in 2009/10 whereas in 2008/09 it was 2.2 kg. The Polyester fibre increased its share in India's fibre production by 1% from 32% to 33% in 2009/10.

Exhibit8: Per capita consumptions: All Fibres /Polyester/Cotton





Source: Saurer 2009 / Industry Estimates

It can be seen that cotton fibre per capita consumption at 4.3% in 2009/10 in India is higher than that of the World at 3.9% whereas India's Polyester fibre per capita consumption at 2.34 kg is 100% less to World average and way behind China's 16.5 kg. This is too less as China at 1.35 bn is only 17% more in terms of population than India. There is

huge opportunity for India to further scale up Polyester capacity, find new applications especially in Industrial sector and Technical Textiles and increase per capita consumption to become equal with that of world. And to support the cause, all growth drivers are present in India viz higher purchasing power, rising middle class, increasing urbanization, organized retail and ever increasing fashionable young population. The growing delta between polyester and cotton prices currently and in 2010/11, 2011/12 and cotton's tight demand-supply shall provide a large gap for polyester fibre to grow more.

Yarns and Fabrics

India's base in yarns and fabrics has relatively always remained strong with steady production trends and exhibited in line with the global trend of recovery.

India's yarn and fabric production grew by 7% and 8.2% respectively in 2009/10 over 2008/09 confirming the rebound of the domestic textile growth. The total yarn production (Filament Yarn inclusive) is estimated at 5900 Mn Kg, a rise of 5% over 5600 Mn kg in 2008/09. The country's spun yarn production comprising of Cotton yarn, Blended yarn and 100% Non cotton yarn stood at an estimated 4187 Mn Kg in 2009/10 against 3914 Mn Kg in 2008/09. The fabric production including silk, wool and khadi advanced to 59464 Mn sq. meters in 2009/10 from 54966 Mn Sq. Meters.

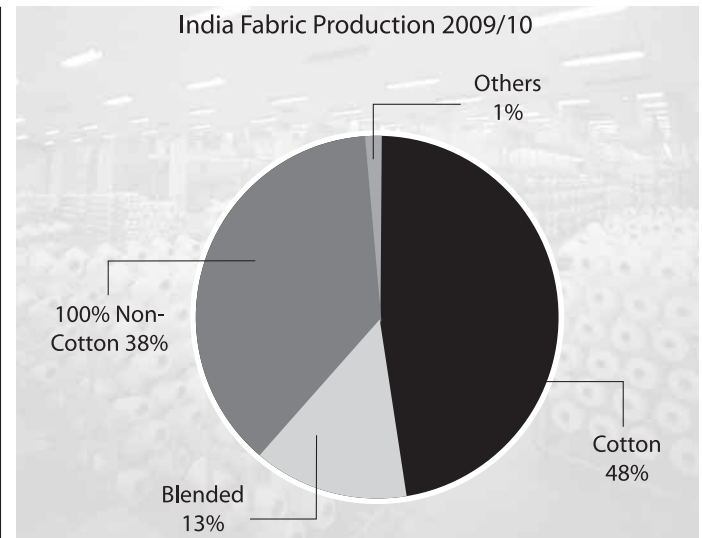
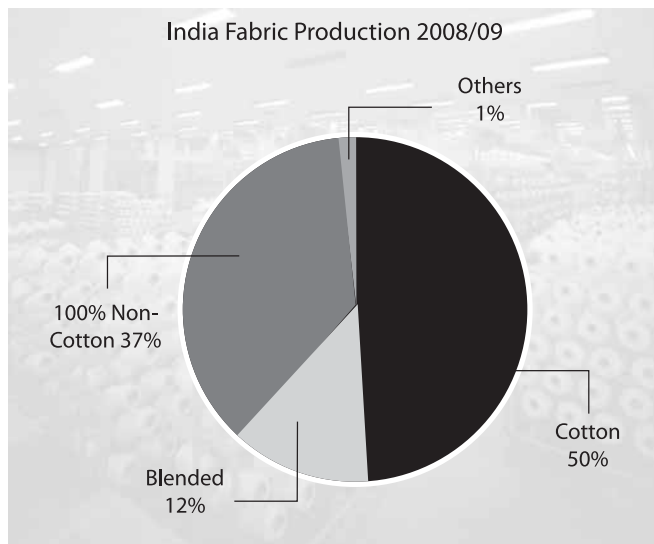
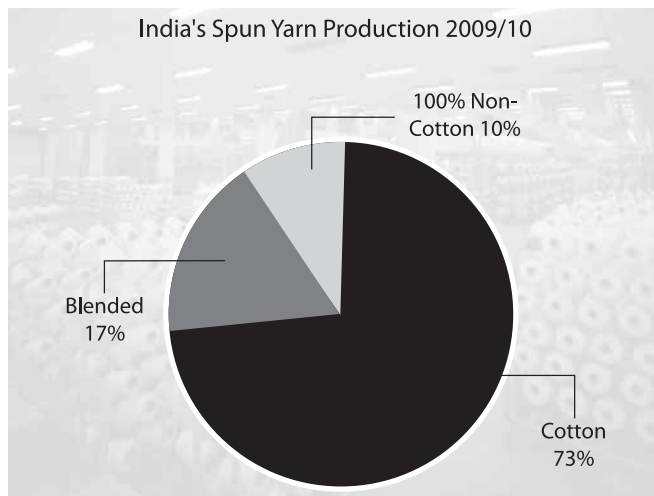
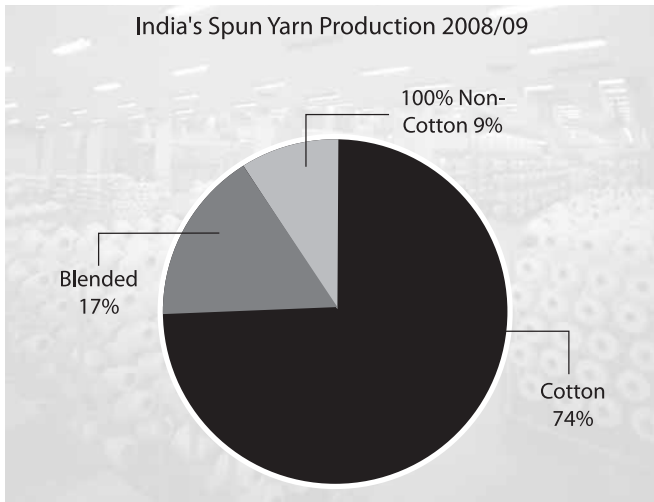
The revival of export orders in yarns and fabrics including RMG propelled the growth in 2009/10. In addition, growing domestic demand provided the much needed stability.

Table 2: Spun Yarn and Fabric Production

Commodity	2007/08	2008/09	% Change	2009/10	%Change
Spun Yarn (Mn Kg)	4003	3914	(2.22)	4187	+7.0%
Fabric (Mn Sq. Meters)	56025	54966	(1.9)	59464	+8.2%

The year 2009/10 saw marginally less growth in 100% cotton yarn as compared to Blended and 100% Non cotton yarn. The cotton share in yarn declined from 49% to 48% in yarn production and in fabric category, 100% cotton share declined from 74% to 73.3%.

Exhibit 9: India's Category wise Spun Yarn and Fabric Production



Source: GOI, Textile Ministry, 2009/10 Provisional

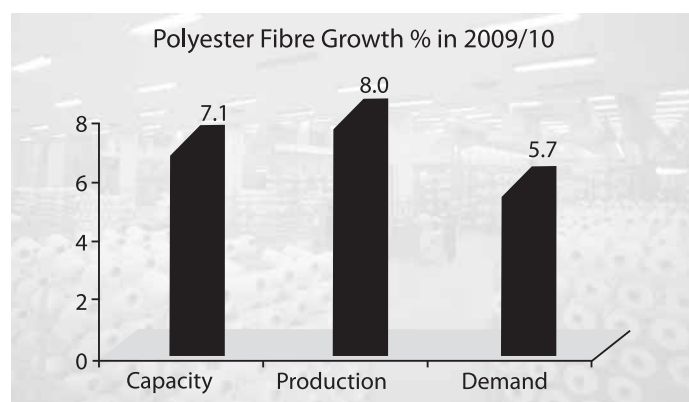
The latest survey of ITMF of cost in textiles manufacturing reveals that India has the lowest cost in manufacturing of Ring Spun yarns, Knitted Ring yarns fabrics, Weaving of Ring yarn Fabrics, while coming second lowest in Rotor spinning and Texturizing. The lower cost compared to Brazil, Turkey and other countries is a big plus for Indian Textile Industry and should be capitalized to bring double digit growth achieved never so far. The textile industry's current estimated size is US\$ 55 bn. The domestic size is US\$ 35 bn and Exports US\$ 21 bn. The lower cost, economies of scale, efficient supply chain management. Various promotional measures of the Government of India and a mass growing domestic consumption base are key growth factors for Indian Textile Industry. An average growth of 15% on Y-O-Y basis from 2010 to 2015 would see Indian Textile Industry cross US\$110 bn mark from present estimated US\$ 55 bn. The domestic and Exports industry is likely to double to US\$ 70 bn and US\$ 40 bn respectively. (Industry Intelligence)

Sector Outlook: Polyester

Polyester Demand in 2009/10 is up by 5.7% due to polyester price competitiveness over competition fibres and growing domestic demand. The recovery in economy improved the overall textile sentiments. Polyester fibre made further inroads into cotton belts due to higher cotton prices.

The estimated demand of Polyester fibre is seen at 2.33 Mn tons in 2009/10 against 2.21 Mn tons in 2008/09. The production is estimated at 2.69 Mn tons in 2009/10 against 2.49 Mn tons in 2008/09, a growth of 8.0% largely due to capacity addition in PFY sector and higher utilization rates. The capacity also increased by 7.1% from 3.5 Mn tons to 3.75 Mn Tons. All the capacity addition was in PFY only. At an estimated capacity of 3.75 Mn tons, operational efficiency works out to be 72%.

Exhibit 10: Polyester Domestic Growth 2009/10



Source: Market Intelligence

The Polyester fibre outlook remains positive due to consistent demand seen in various Wearable and Industrial applications, rising young population and richer middle class. With the outlook of domestic Textile industry stable, Polyester growth will be supported by growing domestic demand, pick up in Export demand and expansion of technical textiles market.

The operational rates are estimated to improve to 80% in 2010/11 from current 72%. The capacity of Polyester fibre is set to cross 4.0 Mn Tons in 2010/11 with further addition in PFY Capacity.

India has a low per capita consumption of Polyester. The Improving domestic market conditions, stable raw material rates, stable downstream products demand and prices, growing 100% Non cotton Yarn and Fabrics, thrust on Technical Textiles and especially higher cotton prices are excellent growth factors for Polyester fibre. Polyester fibre demand is estimated at CAGR of 7-8% for the period 2010-12. The operational rates are set to stabilize to 90-95% by 2012.

Polyester Filament Yarn

The country's PFY production estimated at 1.81 Mn tons in 2009/10 is up by 5.2% against 1.72 Mn tons in 2008/09. The PFY production of 1.81 translates into 67.3% production of total domestic Polyester fibre production. The operational capacity of PFY in 2009/10 is 70%, down from previous year of 73% in 2008/09. The shortage of raw material took the toll on operational rates of PFY.

The demand of PFY stood at 1.66 Mn tons up by 4.8% from the previous 2008/09. This demand translates into a share of 71% of the total Polyester fibre in country. The country's PFY Exports are estimated at 0.112 Mn tons, nil growth as compared to 2008/09.

The estimated capacity addition of 0.39 Mn Tons in PFY is based on the likely growth at CAGR of 10-12% for the period 2010-2012 due to

envisaged growth of 8-9% in dress material and apparel and 15% in home textiles and Industrial applications.

Polyester Staple Fibre

Polyester staple fibre production is estimated at 0.882 Mn Tons, a robust growth of 14.5%. The higher cotton prices, improved domestic demand and growth in fibre exports led to better operational rates at 76% in 2009/10, higher by 9% as compared to 2008/09. The share of PSF stands at 32.7% in total polyester fibre production in the country.

PSF demand grew by 7.2% to 0.67 Mn tons from 0.625 Mn tons in 2008/09. The higher spindle utilizations in Man made fibre/Cotton spinning industry, renewed demand of Polyester based spun yarns in domestic and exports, higher Blended and 100% Non cotton fabric production and improved contributions per spindle led the growth of PSF. The demand of 0.67 Mn Tons represents 76% of the country's PSF Production. The export of PSF is estimated at 0.15 Mn Tons, an increase of 25% from 2008/09.

The outlook of PSF is positive and is estimated to grow at CAGR of 8-10% for the period 2010/12. The improved stability and higher operational rates of spinning mills, substitution effect due to shortage of quality cotton, thrust in Wearable applications and growth in Non wovens are key drivers for PSF growth.

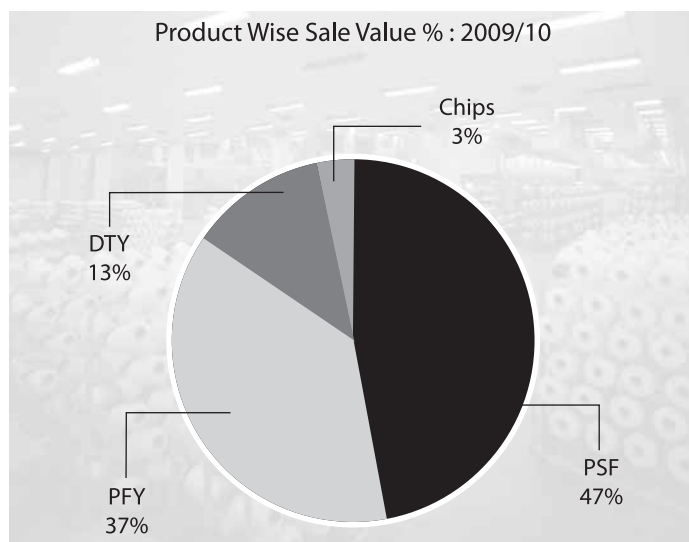
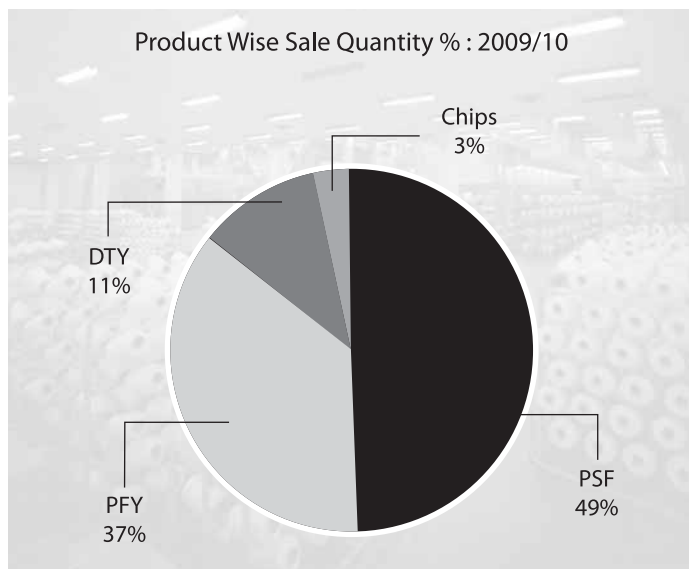
Production and Sales

Indo Rama's total production for all products PSF, POY, FDY, Chips and DTY for the year 2009/10 stands at 416,820 MT. This represents an increase of 13.4% over the previous year 2008/09. The Polyester fibre (PSF/PFY) total production stands at 362,652 MT and contributes 87% of the total company's production. The company produced 13.5% of the country's total Polyester fibre production.

Indo Rama's total sales for all products stands at 370,191MT, corresponding to Rs. 24728.1Mn for the year 2009/10. The over all sales increased in terms of value by 3.3% and in quantity terms by 1.3% over the previous year 2008/09. The domestic sales contributed 78.5% and exports contributed 21.5% of the total sale of FY10. The Polyester fibre total sale stands at 317,017 MT and contributes 85.6% of the total company's sale of Polyester products. The polyester (PSF & PFY) sales recorded 5.8% growth in terms of quantity and 8.3% in terms of value. The domestic sale of 298,523 MT of PSF/PFY translates into 13% market share. The company aims to improve its market share to 15% in FY11.

The company's exports improved by 41% from the previous year in terms of quantity. Total exports quantity for 2009/10 is 79,800 MT against 2008/09's figure of 56501 MT. In value terms, exports clocked Rs. 5088 Mn in 2009/10 against Rs. 3663.1 Mn in 2008/09, an impressive increase of 39%.

Exhibit 11: Indo Rama Product Share



Polyester Filament Yarn

The company's PFY Sale for the year 2009/10 stands at 135,179 MT with a sale value of Rs. 9198 Mn. The PFY Segment contributed 37.2% of the total revenue for the year 2009/10. The domestic market share of PFY

in a highly competitive and price sensitive market stands at 9%.

Polyester Staple Fibre

The company's PSF Sale for the year 2009/10 stands at 181,838 MT with a sale value of Rs. 1167 Mn. The PSF Segment contributed 47.2% of the total revenue for the year 2009/10. On domestic front PSF recorded a growth of 13% increase in sales on Y-O-Y basis. The domestic market share of PSF stands at 22% in FY10.

New Products

PSF

- Two new products were launched successfully in the domestic market. In micro denier series 0.9d with special properties was introduced for Cotton like feel fabric.
- Product for Fibre dyeing and Melange Yarn was successfully launched in 1.4.
- Non woven product 1.2 and 1.5 further consolidated in Domestic and Export Markets.

PFY

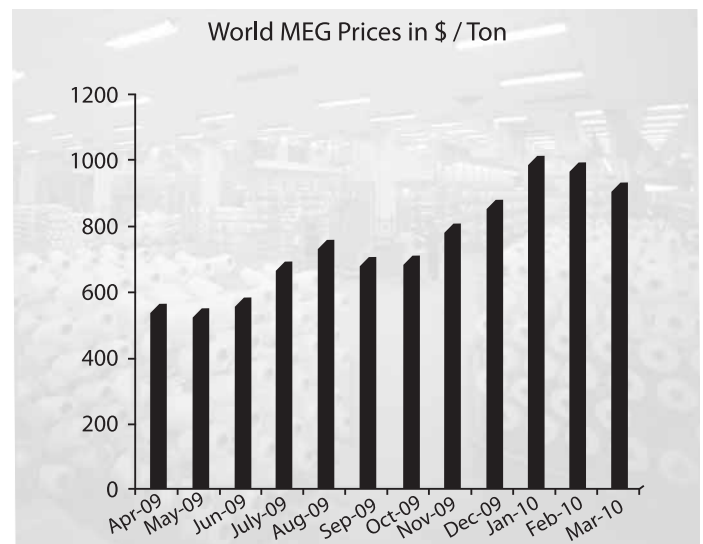
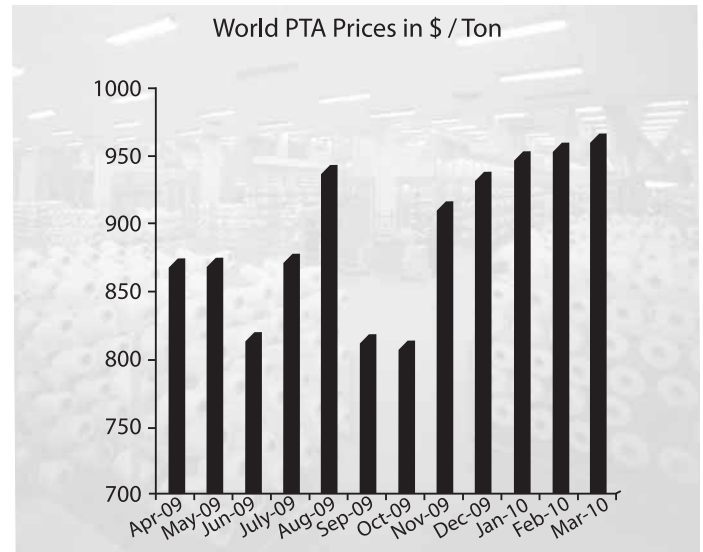
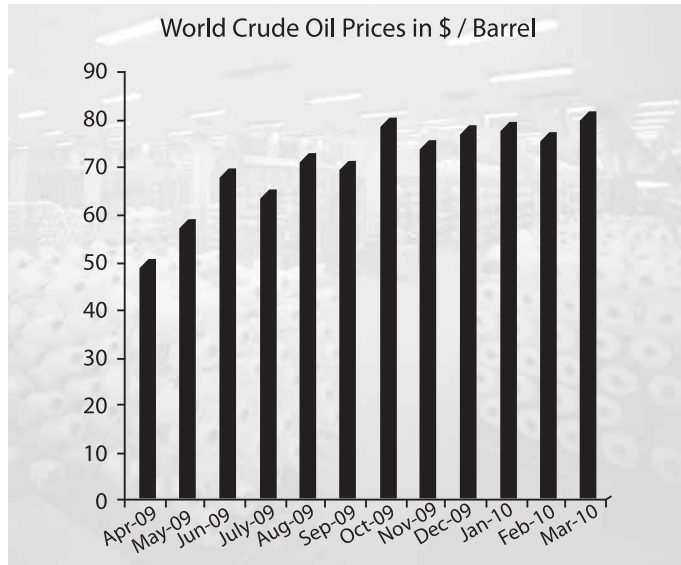
- 160/144 was introduced with end use as Dress material and Ladies Inner wear comfort product.
- 500/216 was successfully launched for usage in Home Textiles and Suiting Applications.

Marketing Strategy

FY10 saw the company focussing on strategic planning and value driven sales across all products with direct customer contacts. The SOP driven procedures in all disciplines, customer centric approach and focus on efficient supply chain management along with customer retention sales policies saw Indo Rama seeing growth in company's sales with enhanced value. The company changed gears and further streamlined exports across continents developing new customers. The company's product presence reached Latin America, Portugal, South Africa, France and Spain apart from the traditional bases of Polyester. The company in FY11 is exploring the Non-woven market for exports to further expand and to make stronger International presence. The smart strategy is in place for FY11 to further enhance domestic market share through improved product quality, pricing strategies and substitution of competition fibre.

Procurement

Raw Material Input Cost for Polyester



PTA (Purified Terephthalic Acid) and MEG (Mono Ethylene Glycol) have remained quite volatile this year. PTA, a derivative of Paraxylene (PX) which in turn is derivative of Naptha, is being volatile from the beginning of this year. The volatility of MEG has matched two years previous record when it went higher than PTA in the month of January and February 2010 which is not common.

From the present situation, it seems, that PTA and MEG are expected to ease in next year as extra domestic capacity of PTA and MEG will also become operational which was not there in last year and MEG prices are likely to remain subdued due to new capacities internationally as well as in domestic market. (Prices are shown in respective graphs)

PTA

PTA became very volatile from the beginning of this year itself and the prices started rising and fluctuating downwards after 2 months and trend was the same for next 2 months also before going down again in September 2009 but subsequently its price went up around \$ 960 in March 2010.

The availability of PTA worldwide as well as from domestic suppliers was short due to delay in start up of new plants. Also new capacities in India in Polyester and Polymers further enhanced the shortage of main raw materials which affected the running of the plant. The domestic availability of PTA was also short due to frequent shut down of all the 3 domestic suppliers' plants which was further enhanced by non starting of new capacity of PTA of one major supplier for 8 Lacs M.T per year. The plant could start only by February 2010 but it was also working erratically.

The availability of PTA during the next year is likely to ease as the new plants of PTA world wide particularly in China are also getting commissioned and the Indian new plant is also likely to start production at 75-80% after long shutdown in May/June.

MEG

MEG prices started moving up from the lowest levels of March 09 price of \$440 from April only and zoomed to a level of \$1000 by January 2010 and only after that prices started easing up as new capacities in MEG and due to lower capacities utilisation of Polyester Plants. The company added another supplier from the Middle East, Sumitomo (Petro Rabigh).

The Middle East capacities and plants in China have started producing MEG as availability of Natural Gas in Middle East is not a problem. So, it is expected that MEG price will be ruling below \$800 during the Year 2010-11.

Power Business

During Financial Year 2009-10, Indo Rama's power division focussed on expansion projects primarily to gain from existing inherent capacities of the system by way of overall cost cutting on fuel. 11 MW TG projects was initiated to produce additional power from the existing inherent capacity of the boiler and to replace costly DG power. Coal linkage for a new 30 MW power project was obtained. However, this was later revised to 45 MW rating based on techno-economical reasons and revised coal linkage application for the same is in process. 50 MW solar power generation project in Rajasthan was registered under National Solar Mission Program of Government of India.

Installed capacity for power generation as of March 31, 2010 is 82.5 MW. This comprises of 52.5 MW Diesel Generating Sets (DG) based on furnace oil and 40 MW of Co-gen captive facilities based on coal.

Key operating figures obtained by Indo Rama are superior to national average for captive utilities such as :-

1. PLF obtained by CPP :- 95.61%
2. PLF obtained by DG set :- 52.52%
3. % Power sold to Grid :- 47% of generation

Coal linkage for the operating plant is secured from Western Coalfields



Limited (WCL) and thus coal comes from nearby coal fields at Ukni, Colar Pimpri, New Majri and Mangoli etc., and also from E-auction supplier of WCL.

DG sets and coal based units together have been generating on an average around 75 MW plus, varying quantity of steam and DM Water for process plant as per the need.

Indo Rama has surplus generating capacity varying from time to time depending upon internal consumption and such excess capacity of power is sold to third parties through Power Trading Companies and MSETCL / MSEDCL to generate additional revenue.

Opportunities in Power

As also informed last year, Indo Rama continues to endeavour in the enhancing of power generation capacity, so as to reduce the overall power cost of Polyester production and increase the profit of Polyester SBU. Besides, the additional/surplus power from the system would generate additional revenue by selling through various Power Trading Companies and MSETCL / MSEDCL or National Transmission Grid.

Indo Rama is working on some power business entry strategies of various capacities in thermal and renewable energy area; in line with on-going government policies so as to obtain best economic advantage and better image to the organization as also to help the Nation in it's long term power generation capacity building program.

Awards and Recognition:

Indo Rama's commitment towards sustainable development by optimum utilization of available resources has brought many laurels to the Company in the year 2009/10, some of the prestigious ones being:

1. The coveted National Energy Conservation Award-2009 (Certificate of Merit) for Petrochemical Sector instituted by Ministry of Energy, Government of India.
2. Green India Award – Powering Eco Sustainability 2009, "GREEN ASPIRER AWARD" by Frost & Sullivan, Bangalore.
3. National Award for Excellence in Water Management 2009, "WATER EFFICIENT UNIT" by CII, GBC, Hyderabad.
4. 1st Prize in the category for the highest exports from Vidarbha region during FY 2009/10.
5. 2nd Prize in the category for the highest imports in Vidarbha region during the FY 2009/10.
6. "Mr. Sharad Verma - Plant Head-Butibori" nominated as Member of Technical Committee for scrutinizing the nomination for the Prime Minister's Shram Award-2008.

7. "Mr. Sharad Verma - Plant Head-Butibori" nominated as Member in Board of Governors – National Safety Council, Ministry of Labour and Employment, Government of India.
8. "Mr. Umesh Bhadade - Sr. Manager (F&S)" nominated for National Disaster Management Authority by Office of Prime Minister of India.

Human Resources:

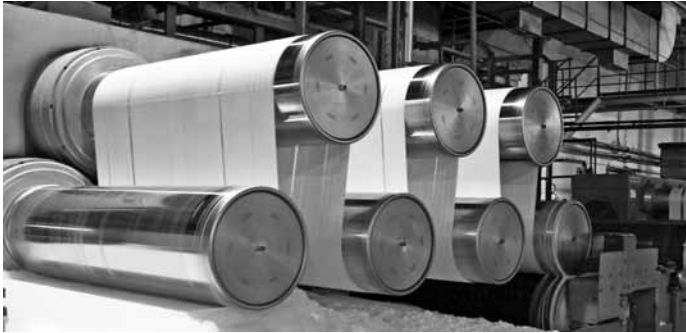
Indo Rama recognizes that people are the real source of competitive advantage. It is through people that Indo Rama delivers total customer satisfaction. These values are reflected in our Human Resources practices.

Employees of Indo Rama go through a process of continuous learning, assisted by training programmes. Apart from on-the-job training and technical training, several programmes on general management and behavioral topics are conducted each year. Interactive programmes have enabled employees to learn at their pace.

Indo Rama has always believed in experimentation with and implementation of new ideas. HR practices such as collaborative performance appraisal, career and succession planning, team rewards have been institutionalized.

An extensive and rigorous recruitment process ensures quality





induction. Indo Rama's Graduate Engineer Trainee recruitment process covers India's major colleges and institutions. Programmes, plant visits and comprehensive information-sharing facilitate induction.

Performance-linked incentives further helped boost employee engagement and motivation during the year, which saw the Company launch several welfare programmes for the workers and their families. Health Educational Lectures, BMI checkup of all employees as per industry norms, Educational programme on Prevention of Heart Attack, Free Diagnostic Camp by leading medical experts have been regularly organized for the benefit of the employees and their family members. Term insurance policy upto maximum coverage of Rs. 10 lacs has been introduced in order to provide financial security to the family of the employees incase of any kind of death of the employee.

HR Policy

The basic principles of Human Resources policies include -

Recruitment based solely on merit by following well-defined and systematic selection procedures without discrimination. Sustain motivated and quality work force through appropriate and fair performance evaluation, reward and recognition systems. Identify training needs within the organisation and design and implement those need based training programmes resulting in continuous up-gradation of knowledge, skills and attitudes of the employees.

Maintain a quality Human Resource Management System to meet the international ISO standards. Plan, design, train, equip and motivate the department staff to meet this standard of expectation.

Regular and sustained training and growth programmes are at the core of all Indo Rama functions and operations, and the year 2009-10 saw several initiatives being undertaken by the Company in this regard. The Company follows a strict training policy for its employees after identifying the needs of the individual. Cultural and sports activities are not only organized for the employees and their family members but also for the entire industrial area to maintain a cordial and healthy relations. Effective cost saving measures has become a major part of the employees work profile. The sincere efforts put in by the employees over the past years have resulted in major savings in

administrative expenses.

Work culture emphasises:

- Freedom to experiment
- Continuous learning and training
- Transparency
- Quality in all aspects of work
- Rewards based on performance and potential

Corporate Social Responsibility

Indo Rama's corporate ethos has always extended beyond business and corporate social responsibility (CSR) is at the core of the company's long-term sustainable growth plan.

Indo Rama works for health, education, energy conservation and sustainability.

- As health care initiative various diagnostic camps organised for health benefit of community. This includes Eye Camp, BMI Camp, programme on Alcoholism awareness, smoking and its after effect, awareness programme on Swine Flu, dental check up, Aids/HIV awareness programme, camp for check up of Heart Related ailments and programme on Medical Emergency and disaster management.
- **Education**
 1. Education is the major thrust area of Indo Rama's CSR interventions. Ira International School, run by IRA Education Society provides quality education to nearly 1200 students from class 1 to 12 to Butibori and nearby area.
 2. Indo Rama has signed a Memorandum of understanding (MoU) with Directorate of Vocational Education and Training, Maharashtra Government for up gradation of I T I Nagpur and I T I Hingna in year 2008.
 3. Trainings were arranged for students and instructors in industries on various topics. Seminar on topics like electric motor, variable frequency drives, industrial safety, centrifugal pumps, inverters, relay, switches, transformer, control system were conducted by expert faculties from industries and in particular from Indo Rama.
- **Energy Conservation**
 1. Indo Rama adopted Energy Policy in the year 2005.
 2. In FY 2009-10, fifteen major energy saving projects were implemented and total savings of around Rs. 13.9 million has been achieved.
 3. To promote energy conservation and awareness among employees, Energy Week was celebrated in the month of December 2009.

Safety, Health & Environment

Indo Rama is certified ISO 14001:2004 company for Environment Management System. Accordingly, the Company has established and maintained an Environment Management System (EMS) and has developed its 'Environment Policy'

Safety

1. Indo-Rama has full-fledged safety infrastructure, to meet safety related requirements.
2. Involvement of people (Regular employees and casual workers) and their training are the basis of safety culture at Indo Rama. This year, 1500 man hours safety training was provided.
3. A well-defined onsite Disaster Management Plan is in existence. Regular mock drills are conducted to check emergency preparedness.
4. Under CSR, Indo Rama imparts training and services to nearby industries. In the month of December 2009, under the aegis of Additional Director – Industrial Safety and Health, a Safety meet was conducted for Vidarbha Industries. On this occasion, Emergency Management Drill was also demonstrated.
5. Safety Day was celebrated on 4th March, 2010 with participation of large number of employees.

Environment

Right from inception, great emphasis has been laid at Indo Rama on maintaining ecological balance and environmental preservation so as to provide green, healthy and pollution free environment. Continuous monitoring of various Pollution control parameters are done round the clock to maintain emission levels much below the norms.

Measures taken towards a cleaner environment

1. Installation of highly efficient Pollution Control Equipments, e.g. ESP, Bag House and Pulse Jet Dust Collectors and regular monitoring of all stacks and ambient air quality.
2. Treatment and recycle of effluent generated from operations and residential colony.
3. Tree plantation for ecological up gradation.
4. Hazardous wastes are handled through registered recyclers who are authorised by the concerned Pollution Boards and the MOEF.
5. Celebration of World Environment Day on 5th June 2009 by participation of large number of employees.
6. Massive plantation of trees was carried out at the company's plant

and there are around 90000 trees at the plant which makes 74% of land under 'green cover'.

Health

1. Indo Rama's plant at Butibori has well qualified doctors and nursing staff with ambulance and other facilities.
2. Regular work environment monitoring is done inside plant for employees to prevent any occupational disease, based on Occupational Health Hazards (OHH) requirements, concerned employees are monitored with specific tests.

Information Technology

The Company implemented Sales & Distribution (SD), Finance & Costing (FI/CO), Material Management (MM) and Plant Maintenance (PM) modules in SAP. The tight integration of the various modules in SAP helps avoid redundant data inputs, and provides an online view of the operations to the Company's Senior Management. Implementation of SAP has helped the Company optimize its operations and reduce costs in a significant measure.

As of date, all major locations are connected to the SAP Central Server housed in the state-of-the-art Data Center located at Butibori, Nagpur.

The Company's Intranet site, Antarnaad provides ready access of its internal policies, notices, organizational details, latest financial information etc. to its employees. It also provides links to LMS (Leave Management



System), workflow tool for management of leave requests, RFC (Request for Change) system which logs and tracks the enhancement/modification requests of SAP, Legacy and Facility from users.

The portal also provides links for EMIS system, a tool for high-level management reports based on operational data, and an E-auction site for transparent management of vendor quotations.

Major activities undertaken during the year are:

- Shifting of corporate office from Dr. Gopaldas Bhavan, New Delhi to DLF Square, Gurgaon
- State of art IT facility to staff at DLF SQ
- Migration to new Servers
- Up-gradation of Firewall for better data security.
- All of this was carried out at per scheduled plan
- Quotation Management System within SAP
- Improved productivity of procurement team
- Reduced material cost
- Non-Returnable Packing Material Tracking in SAP
- Improved visibility and control over collection process.
- Ability to buy-back packing material
- Reduced packing material cost

Proposed initiatives for 2010-11

Going ahead, the IT services in the Company aims for further upgradation during the coming fiscal. Among the major proposed initiatives for the year are:



- SAP Upgrade to ECC 6.
- Implementation of Production Planning and Quality Management module in SAP to accurately calculate product costs.
- Workflow Implementation to have Second-level control over FI documents, reduce paperwork and greater controls on release (based on amount etc).

The proposed initiatives are aimed at further streamlining the IT operations in the Company, while enabling seamless integration of all key functions and processes.

Risks & Concerns:-

Financial

There has been favourable movement in foreign exchange rates as compared to last year which has also helped improve company's performance. As on March 31, 2010, Company has outstanding foreign currency loans of US\$ 50.48 million and € 40.94 million respectively. The Company has rescheduled some of its loan repayment obligations with principal foreign lenders. During 2009-10, exports constituted 19% of the Company's Sales, whereas materials imports were approximately 47%. However any depreciation of Rupee against these currencies may adversely affect its obligations.

Similarly, adverse movement in key currencies will have an impact on the overall procurement cost of its materials because pricing of some of the indigenously sourced inputs is dependent on crude prices.

However, the Company has been using hedge instruments effectively to mitigate its foreign exchange risk.

Internal Controls and their Adequacy

Internal Audit includes review of all systems, processes and controls of the Company within its ambit, and is carried out by an independent agency. The team has access to all documents, and is fully empowered to check the accuracy and reliability of the same. All the functions and areas are covered in phased manner with proper plan drawn in consultation with senior management. Compliance with all policies and procedures is also evaluated and suggestions for improvement in processes form part of the report. The report of internal auditors is discussed and examined by Senior Management and the Audit Committee of the Board. Review of corrective measures is done periodically to ensure compliance.

Outlook

Global economies are showing signs of recovery and that a clear up-tick will be visible by end of Financial Year 2010/11. India remains second fastest growing economy in the world; and according to Goldman Sachs, India is expected to become the world third largest economy by 2035. What is more encouraging is that the textile sector's year on year growth is improving. As per the International Monetary

Fund (IMF), world output is estimated to grow by 4.2% in 2010 after decline of 0.6% in 2009 with the emerging and developing economies – led by China and India – set to grow by 6.3% in 2010 against a modest 2.4% in 2009.

The domestic and global markets for Polyester are expected to grow further in the coming year, as the Cotton prices are ruling at significantly high level, thus the the demand and cost dynamics shifts from Cotton to Polyester. The opportunity for Polyester Industry are immense domestically and internationally, in the changing world scenario. Polyester is expected to grow at 4% to garner 50% of the total fibre demand from the current 46% during the same period.

Going ahead, the Company is looking to enhance its existing capacities by setting up new plant and machinery. The Company shall push to enhance its existing market share and simultaneously moving towards capturing a large share in the growing markets.

In the Power business, the Company is doing good and adding to its revenues and profits. The Company is initiating following expansion plans in its Power business:

- a. 11MW TG project to produce additional power from the existing inherent capacity of the boiler.
- b. Coal linkage for a 30 MW project has been obtained.
- c. 50 MW solar power generation project in Rajasthan has been registered under the national solar mission program of the Government of India.

The Company is working on few entry strategies in the power business in the thermal and renewable energy areas. The renewable energy not only enhances the image of the organisation but also helps the Nation in its long power generation plans.

Statutory Compliance

The Managing Director makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes after obtaining confirmation from all the units of the company. The Company Secretary ensures compliance with the SEBI regulations and provisions of the Listing Agreement.

Cautionary Statement

The Management of Indo Rama Synthetics (India) Limited has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India.

The Management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Management has made these statements based on its current expectations and projections about future events. Wherever possible, it has tried to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance. Such statements, however, involve known and unknown risks, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs, which may cause actual results to differ materially. The management cannot guarantee that these forward-looking statements will be realized, although it believes that it has been prudent in making these assumptions.

The Management undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



FINANCIAL PERFORMANCE KEY NUMBERS

Table gives the financial performance of indo Rama for the year ended 31 March 2010

	2009-10	2008-09	% Change
			Rs. Million
Gross Sales	26594	25740	3.32%
Less: Excise	1334	1295	3.01%
Net Sales / Income from Operations	25260	24445	3.33%
Material Costs	19092	18211	4.84%
Power & Fuel Costs	1813	1489	21.76%
Foreign Exchange Fluctuation Cost	-	1296	
People Costs	567	538	5.39%
Other Manufacturing, Sales & Administration Costs	1755	1785	-1.68%
Operating Earnings before Depreciation Interest and Taxes (Operating EBIDTA)	2033	1126	80.55%
Other Income	305	222	37.39%
Earnings before Depreciation Interest and Taxes (EBIDTA)	2338	1348	73.44%
Depreciation	1491	1515	-1.58%
Operating Earnings before Interest & Taxation (Operating EBIT)	542	-389	239.35%
EBIT	847	-167	607.18%
Interest & Finance Costs	770	1138	-32.34%
Operating (Loss) / Profit before Taxes (Operating PBT)	-228	-1527	85.07%
(Loss / Profit Before Tax) PBT	77	-1305	
Prior period items	0	162	
PBT after Prior period items	77	-1467	
Less Provision for Taxes:			
Deferred Tax	4.87	-496	
Fringe Benefit Tax	0	7	
(Loss) / Profit (after Tax (PAT))	71	-978	
Balance brought forward	780	1746	
Transfer from Debenture Redemption Reserve	12	12	
Balance available for Appropriation	864	780	

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on code of Corporate Governance

Corporate Governance is an integral part of Indo Rama's value system, management ethos and business practices. The Company's corporate governance initiatives are based on:-

- Commitment to excellence and customer satisfaction;
- Commitment to maximising long-term shareholder value;
- Commitment to responsible and ethical corporate conduct; and
- Concern for the environment and sustainable development

The Company regularly evaluates and defines its management practices which are aimed at enhancing its commitment to ensure that these basic tenets of corporate governance are met. At Indo Rama, the basic Corporate Governance norms have been institutionalised as an enabling and facilitating business process at the Board, Management and Operational levels. Business practices are regularly reviewed and reaffirmed against these tenets and all steps are taken to ensure that Company operates beyond the mandatory regulatory framework of good corporate governance.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Indo Rama's compliance with Clause 49 of the Listing Agreement with the Stock Exchanges.

Board of Directors

Composition of the Board, Board meetings and Attendance

As on 31st March 2010, Indo Rama's Board comprised of seven Directors. There are two Executive Directors on the Board, including the executive Chairman. One director is non-executive and non-independent; the remaining four Directors are non-executive independent Directors. The number of non-executive independent Directors on the Board meets the 'composition criterion' as laid down by SEBI.

During 2009-10, the Board of the Company met five times on 19th May, 2009, 20th July, 2009, 28th October 2009, 15th December, 2009 and 23rd January 2010. The maximum gap between any two Board meetings was less than four months. Table 1 gives the details of the Board of Directors, their directorships in other companies, their participation in the Board Meetings and the last Annual General Meeting of the Company is as under.

Table 1 : Composition of the Board of Directors

Name of the Directors	Category	Number of Board Meetings		Last AGM Attended	No. of Other Directorships ¹	No. of Board Level Committees where chairperson or member	
		Held	Attended			Committee Chairmanships	Committee Memberships
Mr. M. L. Lohia @ (Chairman Emeritus)	Promoter, Non- Executive	5	-	No	-	-	-
Mr. O. P. Lohia @ (Chairman & Managing Director)	Promoter, Executive Chairman	5	5	Yes	2	-	4
Mr. Vishal Lohia @ (Whole time Director)	Executive	5	5	No	-	-	4
Mr. A. K. Ladha	Independent	5	5	Yes	7	3	3
Mr. O. P. Vaish	Independent	5	4	No	4	2	5
Mr. T. Miyazaki *	Independent	5	1	No	-	-	-
Dr. A. Pandalai **	Independent	4	3	Yes	1	-	2

Notes:

1. The Directorships held by the Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

@ Mr. M. L. Lohia, Mr. O. P. Lohia and Mr. Vishal Lohia are related to each other.

* Mr. T. Miyazaki resigned w.e.f. 15th April, 2010.

** Dr. A. Pandalai became Director on 20th July, 2009

There is no Director who has relinquished office during the year ended March 31, 2010

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor Chairman of more than five such Committees.

Directors with Material Pecuniary or Business Relationship with the Company

As mandated by Clause 49, the Independent Directors of the Company:

- Apart from receiving Director's remuneration (sitting fee), do not have any material pecuniary relationships or transactions with the company, its promoters or Directors, its senior management which may affect independence of these Directors.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three years of the:
 - a. Statutory audit firm or the internal audit firm that is associated with the Company.
 - b. Legal/consulting firm(s) that have a material association with the company.
- Are not material suppliers, service providers or customers or lessors or lessees to the Company which may affect independence of the Directors.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Transactions with related parties are disclosed in Note No. 9 of Schedule 18 'Notes to Accounts' annexed to the financial statements of the year. There has been no material pecuniary transaction or relationship between the Company and its non-executive and / or independent Directors during the year 2009-10.

Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, annual operating plans and budgets, Quarterly details of foreign exchange exposures, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages,

guarantees, donations etc., are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable.

The Board of Directors of the Company is presented with detailed notes along with the agenda papers well in advance of the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the company. The code of conduct is available on the website of the company, www.indoramaindia.com. All Board members and senior management personnel have affirmed compliance with the code of conduct during the year 2009-10. A declaration signed by the Chairman & Managing Director to this effect is enclosed at the end of this report.

Risk Management

Please refer to the details stated in the Management Discussion & Analysis Report.

Committees of the Board

Audit Committee

As on 31st March 2010, the Audit Committee of the Company comprise of four Directors, namely Mr. A. K. Ladha, Mr. O. P. Vaish, Mr. Vishal Lohia and Dr. A. Pandalai. Mr. A. K. Ladha, Mr. O. P. Vaish and Dr. A. Pandalai are independent Directors. Mr. A. K. Ladha is the Chairman of the Audit Committee. The constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement. All the members of the Audit Committee are financially literate and have accounting and financial management expertise. The Chairperson of the Audit Committee attended the last Annual General Meeting (AGM) held on 11th September 2009 to answer shareholders queries.

During 2009-10, the Audit Committee of the Company met four times on 19th May 2009, 20th July 2009, 28th October 2009 and 23rd January 2010. Table 2 gives the attendance record of the members of the Audit Committee.

Table 2 : Attendance record of the Audit Committee Meetings for 2009-10

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A. K. Ladha	Independent	Chairman	4	4
Mr. O. P. Vaish	Independent	Member	4	4
Mr. Vishal Lohia	Executive Director	Member	4	4
Dr. A. Pandalai @	Independent	Member	2	1

@ Dr. A. Pandalai was admitted to the Audit Committee w.e.f. 28th October 2009

The Chairman & Managing Director in his capacity as Chief Executive Officer (CEO), the Chief Financial Officer (CFO), representatives of the statutory auditors and internal auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the secretary to the Audit Committee.

The functions of the Audit Committee of the Company include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.

- e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. Approval of appointment of CFO after assessing the qualifications, experience and background.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 13. Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered pursuant to its terms of reference:

- a. to investigate any activity within its terms of reference and to seek any information from any employee.
- b. to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions, submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor.

Remuneration Committee

The Company has a Remuneration Committee to review and recommend payment of annual salaries, commission, service agreements and other employment conditions of the Executive Directors comprising Managing Director and Whole-time Directors. The Committee periodically reviews and recommends suitable

revision in the remuneration package of Executive Directors to the Board.

One meeting of Remuneration Committee took place on 23rd January 2010 during 2009-10.

Remuneration Policy and Details of Remuneration paid to Directors:

Subject to the approval of Board of Directors and subsequent approval by the Shareholders at the General Body Meeting and such authorities as the case may be the remuneration of the Managing Director and whole-time Directors of the Company is fixed by the Remuneration Committee. Remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, commission linked to profits, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956. The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them. Remuneration paid or payable to the Directors of the Company during the year ended 31st March 2010 is set forth in Table 3 below.

Table 3 : Remuneration paid or payable to Directors for the year ended 31 March 2010

(Rupees '000)							
Name of the Director	Relationship with other Directors	Salary	Perquisites	Deferred Benefits (PF and Gratuity) @	Commission	Sitting Fees for Board and Committee Meetings	Total
Mr. M. L. Lohia (Chairman Emeritus)	Father of Mr. O. P. Lohia and Grandfather of Mr. Vishal Lohia	-	-	-	-	-	-
Mr. O. P. Lohia *(Managing Director)	Son of Mr. M. L. Lohia and Father of Mr. Vishal Lohia	17,280	393	1,440	-	-	19,113
Mr. Vishal Lohia *(Whole time Director)	Grandson of Mr. M. L. Lohia and Son of Mr. O. P. Lohia	10,220	322	648	-	-	11,190
Mr. A. K. Ladha	None	-	-	-	-	320	320
Mr. O. P. Vaish	None	-	-	-	-	180	180
Dr. A. Pandalai	None	-	-	-	-	100	100
Mr. T. Miyazaki #	None	-	-	-	-	-	-
Total		27,500	715	2,088	(-)	600	30,903

Remuneration to the aforesaid managerial personnel has been paid/payable as per approval of Central Government.

@ With regard to Gratuity Fund, the amount applicable to an individual is not ascertainable and hence not indicated.

Mr. T. Miyazaki had resigned w.e.f. 15.04.2010.

Shares held by Non-executive Directors

Table 4 gives details of the shares* held by the non-executive Directors as on 31 March 2010.

Table 4 : Details of the shares held by the non-executive Directors as on 31 March 2010

Name of the Director	Category	Number of shares held
Mr. M. L. Lohia	Promoter	300,028
Mr. A. K. Ladha	Independent	17,713
Mr. O. P. Vaish	Independent	14,120
Mr. T. Miyazaki	Independent	NIL
Dr. A. Pandalai	Independent	NIL

* The Company has not issued any convertible securities to any Director.

Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievance Committee comprises of three members: Mr. A. K. Ladha, Mr. O. P. Lohia and Mr. Vishal Lohia. Mr. A. K. Ladha is the Chairperson of this Committee. The Committee met four times during the year 2009-10 on 4th July 2009, 30th September 2009, 28th December 2009 and 31st March, 2010. Table 5 gives the details of attendance.

Table 5 : Attendance record of the Shareholders' / Investors' Grievances Committee for 2009-10

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. A. K. Ladha	Independent	Chairman	4	4
Mr. O. P. Lohia	Executive	Member	4	4
Mr. Vishal Lohia	Executive	Member	4	3

The Shareholders / Investors Grievance Committee reviews complaints received and action taken by the Company in this regard. In addition, the Committee oversees investors' grievances and redressal mechanism and recommends measures to improve the level of Investor's Services. As on 31st March 2010, no investor complaint was pending with Registrar and Transfer Agent. Table 6 gives data on the Shareholders / Investors complaints received and redressed during the year 2009-10.

Table 6 : Shareholders and Investors complaint received and redressed during 2009-10

Total Complaints Received	Total Complaints Redressed	Pending as on 31.03.2010
72	72	Nil

Mr. Jayant Sood, Asst. Vice President & Company Secretary has been appointed as the Compliance Officer of the Company.

Banking and Finance Committee

The Banking and Finance Committee presently comprises of three Directors: Mr. O. P. Lohia, Mr. A. K. Ladha and Mr. Vishal Lohia. The Chairman of the Committee is appointed by a voice vote at each meeting and any two members present form a quorum. The Committee is authorised to decide and oversee matters relating to banking operations and to decide the investment strategy with regard to the available short term surplus funds with the company as well as the borrowings from banks and financial institutions. The Committee enjoys the delegation of the Board in matters relating to the borrowings/ placement of funds in normal and routine course of business. The other terms of reference, inter-alia, include review of capital structure, financial policies, treasury and foreign exchange risk management. During 2009-10 only one meeting of the Banking and Finance Committee was held.

Management Committee

The Management Committee comprises of Mr. O. P. Lohia, Mr. A. K. Ladha and Mr. Vishal Lohia. The Management Committee deals with routine operational matters which are of an urgent nature. The Chairman of the Committee is appointed by a voice vote and the presence of any two members forms a quorum. No meeting of the Management Committee took place during the year 2009-10.

Allotment and Share Transfer Committee

The Company has a Committee of Directors known as the 'Share Allotment and Transfer Committee' to look into and decide matters pertaining to share allotment, transfers, duplicate share certificates and related matters. As on 31 March, 2010, the Committee comprises of Mr. O. P. Lohia, Mr. A. K. Ladha and Mr. Vishal Lohia. The Chairman is appointed by a voice vote and quorum is any two members present. During 2009-10, the Share Allotment and Transfer Committee held seven meetings to expeditiously dispose of matters referred to above.

The details of attendance of the Committee members are given below in Table 7.

Table 7 : Attendance record of the share Allotment and Transfer Committee for 2009-10

Name of Members	Category	Status	No. of Meetings	
			Held under tenure	Attended
Mr. O. P. Lohia	Executive	Member	7	7
Mr. A. K. Ladha	Independent	Member	7	1
Mr. Vishal Lohia	Executive	Member	7	6

Subsidiary Companies

The Company has no subsidiary as on 31 March 2010.

Management**Management Discussion and Analysis**

This annual report has a detailed chapter on Management Discussion and Analysis.

Disclosures

1. There are no materially significant related party transactions that might have potential conflict with the interest of the Company at large.
2. No penalty or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter relating to capital markets during the last three years.
3. The Company has complied with all the mandatory requirement of clause 49 of the Listing Agreement. As regards non-mandatory requirements, the extent of compliance has been stated in this report.
4. Indo Rama has followed the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.
5. In compliance with the SEBI regulation on prevention of insider trading, the Company has laid down a comprehensive code of conduct for its management and staff. The code lays down guidelines which advise them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations.

CEO / CFO Certification

The Managing Director (as the CEO of the Company) and the CFO of the Company have certified to the Board of Directors the accuracy of financial statements and adequacy of internal controls for financial reporting purposes, as required under Clause 49 (V) of the Listing Agreement, for the year ended 31st March 2010.

Shareholders**Appointment / Re-appointment of Directors**

Mr. O. P. Vaish and Mr. A. K. Ladha are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of these Directors are given in the notice of the 24th Annual General Meeting.

Communication to Shareholders

Indo Rama Synthetics (India) Ltd. puts forth key information about the Company and its performance, all data relating to quarterly financial results including Annual Reports of the Company, official news releases, and presentations to analysts, if any, on its website www.indoramaindia.com regularly for the benefit / information of the public at large. The Company updates the media, analysts, institutional investors etc. through briefings and individual discussion on its financial as well as other business developments as and when required from time to time.

During the year, the quarterly results of the Company's performance have been published in leading newspapers, namely, 'Business Standard' (English) and 'Lokmat' (Marathi). Hence, these are not separately sent to individual shareholders. The Company, however, furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

Secretarial Audit/Reconciliation of Share Capital Audit

A qualified practising Company Secretary carries out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

General Body Meetings

The date, time and venue for annual general meetings for the last three years are given in Table 8 below.

Table 8 : Details of General Meetings held during the last three years

Financial year	Meeting	Date	Time	Venue	Special Resolutions Passed
2006-07	AGM	31 Aug. 2007	11.00 A.M.	31-A, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	1. Approval for appointment and remuneration of Mr. O. P. Lohia and Mr. Vishal Lohia as Managing Director and Whole-time Director, respectively. 2. Approval for commission to Non-Executive Directors. 3. Authorisation to undertake power business as contained in other objects.
2007-08	AGM	12 Sep. 2008	11.00 A.M.	31-A, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	None
2008-09	AGM	11 Sept. 2009	11.00 A.M.	31-A, MIDC Industrial Area, Butibori 441122, Distt. Nagpur, Maharashtra	None

Postal Ballot

No resolution has been passed through Postal Ballot Mechanism during the year 2009-10.

Compliance
Mandatory Requirements

The company is fully compliant with the applicable mandatory requirements of Clause 49.

Adoption of Non- Mandatory Requirements

Remuneration Committee: A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement.

Auditor's Certificate on Corporate Governance

The company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this Report.

Additional Shareholder Information
24th Annual General Meeting

Date : Monday, the 25th October, 2010.

Time : 12.00 noon

Venue : 31-A MIDC Industrial Area, Butibori 441122, Maharashtra.

Book Closure : From 18th October, 2010
to 25th October, 2010. (both days inclusive)

Financial Calendar

Year ending	March 31
1st Quarter Results	1 st /2 nd Week of August
2nd Quarter Results	1 st /2 nd Week of November
3rd Quarter Results	1 st /2 nd Week of February
Audited Annual Accounts for the year ended 31st March, 2010	3 rd /4 th Week of May

Listing of Equity and Stock Codes

Equity shares of Indo Rama Synthetics (India) Ltd are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE). The stock codes of the Company are as follows:

- BSE : 500207
- NSE : INDORAMA

The ISIN number for Equity Shares of the Company on both the NSDL and CDSL is **INE 156A 01020**.

All listing and custodial fees to the Stock Exchange and depositories have been paid to the respective institutions.

Listing of GDRs

The Company's GDRs, each comprising eight underlying shares of the Company, are listed with Luxembourg Stock Exchange at Societe

de la Bourse de Luxembourg, 11, Avenue de la Porte – Neuve, L-2227 Luxembourg.

1,316,420 GDRs were outstanding as on 31 March 2010, representing 10,531,360 Equity Shares of Rs.10 each, constituting 6.94% of the share capital of the Company. The Company has already issued the underlying shares for GDRs which are held by the Depository, namely, The Bank of New York Mellon.

There are no convertible instruments which could result in increasing the equity capital of the Company.

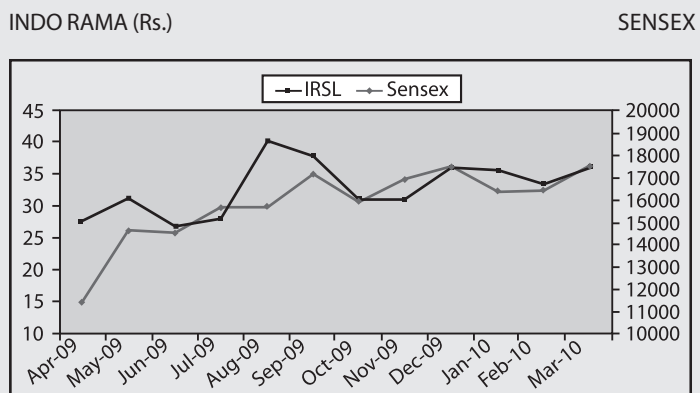
Stock Market Data

Table 9 below gives the monthly high and low prices of Indo Rama Synthetics (India) Limited equity shares at Bombay Stock Exchange Limited (BSE), the National Stock Exchange of India Limited (NSE) for the year 2009-10.

Table 9 : Monthly High and Low quotations of shares traded at the BSE and NSE

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr 2009	31.50	19.50	32.30	19.00
May 2009	34.15	23.00	34.85	22.75
Jun 2009	35.00	25.55	34.75	25.50
Jul 2009	29.70	22.90	30.00	23.00
Aug 2009	44.85	28.05	45.15	28.00
Sep 2009	44.60	35.50	44.80	35.20
Oct 2009	44.00	30.25	43.75	27.90
Nov 2009	33.85	29.00	33.75	28.05
Dec 2009	37.50	30.95	37.50	30.65
Jan 2010	43.00	34.00	43.45	30.55
Feb 2010	37.30	33.05	37.50	32.85
Mar 2010	37.15	32.50	40.00	31.15

Chart A : Share prices of Indo Rama versus BSE Sensex for the year ended 31 March 2010.



Note : Based on Monthly closing Share price on BSE (April, 2009 to March, 2010)

Share Transfer Agents and Share Transfer and Demat system

M/s MCS Ltd., New Delhi is the Registrar and Share Transfer Agent of the Company:-

MCS Limited

F-65, Okhla Industrial Area, Phase-1
New Delhi 110 020.
Tel. No. : +91-11-4140 6149-52
Fax No. : +91-11-4170 9881
E-mail : admin@ mcsdel.com

Share Transfers received in physical form are processed and share certificates are returned within an average period of 21 days from the date of receipt, subject to the documents being complete and valid in all respects. Shares under objection are returned within two weeks from the date of lodgement.

The Company's equity shares are under compulsory dematerialised trading as per SEBI's notification dated 31 May 1999. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Requests for dematerialisation of shares are processed and confirmation is given to the respective depositories, i.e. NSDL and CDSL. The Registrar and Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable it to update its records.

There are no legal proceedings against the Company on any share transfer matter.

Table 10 below gives the position of shares held in electronic form as on 31st March, 2010.

Table 10 : Status of Dematerialisation as on 31 March 2010

No. of Shares Dematerialised	7,70,87,345	50.77 % of total share capital
No. of shareholders in D'mat Form	16,200	71.22 % of the total shareholders

Shareholding Pattern and Distribution of Shareholding as on 31 March, 2010.

Tables 11 and 12 give the pattern of shareholding by ownership and share class respectively.

Table 11 : Pattern of shareholding by ownership as on 31 March 2010

	No. of Equity Shares	Shareholding (%)
A. PROMOTERS' HOLDING	96,395,079	63.49
B. NON-PROMOTERS' HOLDING		
a) Banks, Financial Institutions, Insurance Companies, Central / State Govt Institutions, Non-government Institutions	6,886,864	4.54
b) Foreign Institutional Investors (FIIs)	13,080,253	8.62
c) Foreign Direct Investment (FDI)	-	-
d) Mutual Funds (including UTI)	8,566,507	5.64
e) Private Corporate Bodies	7,187,457	4.73
f) Indian Public	8,192,402	5.39
g) NRIs / OCBs	982,320	0.65
h) Shares held by custodians against which Depository Receipts have been issued	10,531,360	6.94
Grand Total	151,822,242	100.00

Table 12 : Pattern of shareholding by share class as on 31 March 2010

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 500	19,740	29,88,344	1.97
501 to 1,000	1,733	13,34,621	0.88
1,001 to 5,000	1,038	21,71,570	1.43
5,001 to 10,000	103	7,59,449	0.50
10,001 to 50,000	87	17,47,661	1.15
50,001 to 100,000	11	8,33,017	0.55
100,001 and above	33	14,19,87,580	93.52
Total	22,745	151,822,242	100.00%

Plant Location

The Company has its manufacturing and operating complex at: 31-A, MIDC Industrial Area, Butibori, Nagpur, Maharashtra
 Tel.: 07104-663000-01
 Fax. : 07104-663200

Compliance Officer for Investor Redressal

Mr. Jayant Sood, Asst. Vice President & Company Secretary
 Indo Rama Synthetics (India) Ltd
 20th Floor, DLF Square
 DLF Phase-II, NH-8
 Gurgaon-122002
 Tel No. 91-0124-4997000; Fax: 91-0124- 4997070
 E-mail ID: jayant.sood@indorama-ind.com

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956, Table 13 below details the dates of declaration of Dividend and corresponding dates when unclaimed dividends are due for transfer to Investor Education and Protection Fund (IEPF).

Table 13 : Dates of dividend declaration and corresponding dates when unclaimed dividends are due for transfer to IEPF

Financial Year	Whether Interim / Final	Date of declaration of Dividend	Last date for transfer to IEPF
2003-04	1 st Interim	14 October 2003	13 November 2010
2003-04	2 nd Interim	19 January 2004	18 February 2011
2003-04	Final	25 June 2004	24 July 2011
2004-05	Interim	20 October 2004	19 November 2011
2004-05	Final	15 July 2005	14 August 2012
2005-06	Final	15 July 2006	14 August 2013
2006-07	Final	31 August 2007	30 September 2014
2007-08	Final	12 September 2008	11 October 2015
2008-09	NIL	-	-

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

Address for Shareholder Correspondence

Registered Office	Corporate Office	Registrar & Transfer Agent
Indo Rama Synthetics (India) Limited 31-A, MIDC, Industrial Area, Butibori, Nagpur-441122 Maharashtra Tel. No. 07104-663000-01 Fax No. 07104-663200	Indo Rama Synthetics (India) Limited 20 th Floor, DLF Square, DLF Phase - II, NH-8, Gurgaon 122002 Haryana, India Tel. No. 0124-4997000 Fax No. 0124 4997070	MCS Limited F-65, Okhla Industrial Area, Phase-1 New Delhi 110020 Tel. No. 011-41406149-52 Fax No. 011-41709881 E-mail: admin@ mcsdel.com

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.	Central Depository Services (India) Ltd.
4 th Floor, 'A' Wing, Trade World Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013 Telephone : 91-22-24994200 Fax : 91-22-24976351 E-mail : info@nsdl.co.in Website : www.nsdl.co.in	Phiroze Jeejeebhoy Towers, 17 th Floor, Dalal Street, Fort Mumbai 400001 Telephone : 91-22-22723333 Fax : 91-22-22723199 E-mail : investors@cdslindia.com Website : www.cdslindia.com

Declaration regarding Code of Conduct

As provided under clause 49 of the Listing Agreement, all Board Members and Senior Management have affirmed compliance with the Code of Conduct for the financial year 2009-10.

Place: New Delhi
 Date: 25th September, 2010

O. P. Lohia
 Chairman & Managing Director

AUDITORS' CERTIFICATE

(Under Clause 49 of the Listing Agreement)

To the Members of

Indo Rama Synthetics (India) Limited

We have examined the compliance of conditions of Corporate Governance by Indo Rama Synthetics (India) Limited ("the Company") for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affair of the Company.

For **BSR and Associates**
Chartered Accountants
Firm Registration No.: 128901W

Kaushal Kishore
Partner
Membership No.: 090075

Place: Gurgaon
Date: 25th September, 2010

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 24th Annual Report together with the audited accounts for the financial year ended 31 March 2010.

Financial Highlights

The financial performance of your Company for the year ended 31 March 2010 is summarised below.

(Rs. Million)

Particulars	Year Ended 31 March 2010	Year Ended 31 March 2009
Net Sales and Other Income	25,565.75	24,666.98
Profit before Financial expenses, Depreciation and Tax (EBIDTA)	2,338.06	1,347.72
Financial Expenses	770.39	1,137.90
Profit before Depreciation and Tax (PBDT)	1,567.67	209.82
Depreciation	1,491.47	1,514.75
Prior period expenses	-	162.01
Profit / (Loss) before Tax	76.20	(1,466.94)
Provision for Taxation including Fringe Benefit Tax	10.18	7.42
Provision for Deferred Tax / (Credit)	(5.30)	(496.02)
Profit / (Loss) after Tax	71.32	(978.34)
Profit brought forward from previous year	780.21	1,746.52
Transfer from Debenture Redemption Reserve	12.03	12.03
Profits carried to Balance Sheet	863.57	780.21

Operational and Financial Review

During the year under report, your Company recorded gross sales of Rs. 26,594 million and net sales of Rs. 25,260 million representing a marginal increase of 3.3% as compared to the previous year which is considered satisfactory considering the effect of the economic downturn. EBIDTA is up at Rs. 2,338 million as against Rs. 1,348 million last year representing an increase of 73.4%. Profit Before Tax stood at Rs. 76.20 Million against a loss of Rs. 1466.94 million for the previous year. There is net profit of Rs. 71.32 million as against a loss of Rs. 978.34 million last year. The turnaround in profits was possible due to cost competitiveness, optimal utilization of resources and reduction in interest cost.

The year gone by was not only challenging but was also successful in certain terms after the global economic meltdown. After the steep fall in demand due to economic downturn came the phase of demand stability. There are signs of demand growth in the domestic market and there are also indication of recovery happening in the US, EU and other global markets which should have its positive impact. Exports have started picking up and the manufacturing sector is witnessing better realization and improved margins.

The stimulus package announced by the government in 2008 to counter the global recessionary onslaught had substantially achieved the desired objective. Symptoms of economic recovery had started appearing more clearly, hence government decided to partially roll

back stimulus package in February 2010. For textile industry, the stimulus package was withdrawn from July 2009 which impacted the textile industry and the Company for quite sometime.

With the cotton prices ruling at significantly high level, the relative position of polyester amongst competing fibres will lead to better offtake of polyester products.

The Power business continues contributing to both revenue and profitability. The demand supply gap of power in our country for the coming several years shall keep us in good stead in the arena.

Dividend

For the purpose of ploughing back the funds into business, your Directors do not recommend any dividend for the Financial Year 2009-10.

Corporate Governance

A detailed report on the corporate governance system and practices of your Company along with auditor's certificate on its compliance are given as a separate chapter in the Annual Report.

Management Discussion and Analysis

A detailed report on Management Discussion and Analysis is provided as a separate chapter in the Annual Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure forming part of this Report.

Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report.

Fixed Deposits

The Company has not invited /accepted any deposits during the year ended on 31 March 2010 within the meaning of Section 58 A of the Companies Act, 1956 and the Rules made thereunder.

Directors

During the year under report Dr. Arvind Pandalai was co-opted as non executive independent Director on the Board of the Company w.e.f. 20th July, 2009. Dr. Pandalai has also been appointed as member of the Audit Committee and the Remuneration Committee of the Company. Dr. Pandalai is the retired Chairman of State Trading Corporation. Your Directors are of the opinion that the Company will be immensely benefited by his rich experience and guidance from time to time.

In accordance with Article 133 of the Articles of Association of the Company, Mr. O. P. Vaish and Mr. A. K. Ladha retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. A Brief resume of these Directors is given in the notice of the 24th Annual General Meeting to the Shareholders of the Company.

Mr. T. Miyazaki has resigned from the directorship of the Company w.e.f. 15th April, 2010. The Directors placed on record their appreciation for the valuable contribution made by Mr. T. Miyazaki.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. in the preparation of annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. the Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the profits of the Company for the year ended on that date;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities; and

- iv. the Directors have prepared the annual accounts for the financial year ended 31st March 2010 on a going concern basis.

Auditors

M/s B S R and Associates, Chartered Accountants, the Statutory Auditors of the Company shall retire at the conclusion of the forthcoming Annual General Meeting, and have confirmed their eligibility for re-appointment in accordance with Section 224(1B) of the Companies Act, 1956.

As regards observations of the Auditors in para (xi) and (xvii) of the Annexure referred to in para 3 in their Report, the Company had incurred losses during the financial year 2008-09 due to economic downturn and forex losses that adversely impacted the cash flow of the current financial year (FY 2009-10). As a result of such cash flow mismatches, the Company could not meet some of its financial commitments in times to Banks/Financial Institutions. Subsequent to the year end, the Banks/Financial Institutions have approved the reschedulement 'in-principle' with certain terms and conditions and the Company has initiated steps either to comply with such conditions or is in process of renegotiating the same with the respective lenders. Rest of the observations of the Auditors read with the relevant notes to accounts are self explanatory.

Cost Auditors

Pursuant to a directive of the Central Government, your Company is required to conduct a Cost Audit in respect of its Polyester operations every year until further notice. Accordingly, qualified cost auditors were appointed to carry out audit of the cost accounts maintained by the Company for the year ended 31st March, 2010.

Industrial Relations/Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under report. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company.

Acknowledgements

Your Directors take this opportunity to offer their sincere thanks to various departments of the Central and State Governments, government agencies, financial institutions, banks, shareholders, customers, employees and other related organisations, who through their continued support and co-operation, have helped in your Company's progress.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Place : New Delhi
Dated : 25th September, 2010

O. P. Lohia
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31 March, 2010

A. Conservation of energy

Energy Saving Measures taken and proposals under implementation:

- Fuel (Furnace Oil) saving in oil fired boiler by optimization of furnace oil firing.
- Cooling water supply to Utility Block 3 equipment by Block 2 cooling water pump and stopping Block-3 Cooling water pump to save power.
- Optimization of CP-4 PSF Quench Air Temp, by increasing to 22°C from 19°C for energy saving.
- Optimization of PTA conveying operation in CP-5 by running one compressor instead of two compressors.
- Optimization of CP-1/2/3 Stripper Column Blower by using lower capacity blower resulting into power saving.

Form - A

Form for Disclosure of Particulars with respect to Conservation of Energy:

Particulars	Current Year 31 March 2010	Previous Year 31 March 2009
(A) Power & fuel Consumption		
1) Electrical		
a) Purchases From MSEB		
Units (kwh in '000)	1038	451
Total Amount (Rs. in '000)	9081	12107
Rate / kwh (in Rs.)	8.75	26.84
For 2008-09 and 2009-10 MSEB Power purchase rate was abnormal due to Fixed Demand Charges against low import of power from Grid.		
b) Generation for own consumption (Net of power sale including auxiliary consumption)		
i) Through DG (FO Based)		
Units (kwh in '000)	177651	163277
Units / Ltr. of FO	4.46	4.48
Cost / Unit (Rs. / Unit)	4.46	4.57
ii) Through STG (Coal based)		
Units (kwh. in '000)	81653	63792
Units / kg. of Coal	1.09	1.07
Cost / Unit (Rs. / Unit)	1.87	1.70
2) Coal		
Quantity in MT	285789	264369
Total Cost (Rs. in '000)	586358	479769
Average Rate (Rs. / MT)	2052	1815
3) Furnace Oil		
Quantity (KL)	81201	66877
Total Cost (Rs. in '000)	1616593	1370170
Average Rate (Rs. / Lt.)	19.91	20.49
(B) Consumption per unit of prod'n		
Production of Polymer products (Fresh) - MT	416636	366654
Electricity / Kg. (in kwh)	0.62	0.62

B. Technology Absorption:

Form for Disclosure of Particulars with respect to Technology Absorption (Form-B).

Research and Development (R&D):

1. Specific Areas in which R & D carried out by the Company:

(Product Development & Process Improvement areas)

- Development of density meter in paste discharge line for direct measurement & display on DCS for on line process monitoring in CP4 & 5.
- In CP-4 PSF plant, bale weight increased to 415 Kgs. from 400 Kgs.
- Indigenization and in-house development of Micro controller of compressor control panel.
- Optimized the use of CP-2 /3 stripping column & stopping of CP-4/5 stripping column pump by diverting CP-4/5 excess effluent to CP-2/3 stripping column.
- Introduction and development of new 0.9 and 1.2 PSF Deniers for various applications.
- Development of Micro/ micro coarse Deniers POY - 160/144, 500/216.
- Development of Low Shrinkage DTY Products - 75/34/2 LIM and 150/48/2 LIM for elastic tape application.

2. Benefits Derived as a result of above product development and process improvement:

- On line process control and hence increased process reliability.
- Increase in PSF bale weight resulted into packing costing saving & transportation.
- Indigenization & in-house development of Micro controller of compressor control panel resulted to cost benefit & easy availability.
- Use of excess available capacity of one stripper column has yielded to operational cost saving.
- New products PSF - 0.9 Den & 1.2 Den for non-woven spun lace has helped to increase IRSL market share in specialty products.
- New POY products – 160/144 & 500/216 increased IRSL market share in micro denier products.
- DTY new products developed to cater specific segments like, denims, high speed air jet looms, dyeing guarantee knitting

and elastic tape application.

3. Import Substitution:

- Indigenous development of polymer gear pump spares (VX224/ 224 OEM M/s MAAG) long & short shaft resulted into saving of 1.5 Million.
- Indigenous Development of Pneumatic Cylinder of Cutter press roll in Baler No.4 resulted in saving of 1.4 million/annum.
- Savings in DG Engine Cylinder Head Cost by using Chris Marine Tool during Cylinder Head Machining resulted in saving of 6.4 million.
- Indigenous development of DTY Barmag machine spares saved 1.8 Million/annum.
- Value Engineering Repairing of OEM Cards against procurement of imported cards resulted into saving of 4.5 Million/annum with warranty.

4. Future Plan of Action: (2010-11)

- Use of Centrifugal compressor at 2.5 bar air pressure for low pressure applications in POY CP-5 area instead of 4.5 bar
- Avoiding cable losses of Boiler House feeder from Utility and using new transformers near the Boiler House
- Separate Screw Compressors at 2.5 bar air pressure for low pressure applications in DTY for six machines
- Use of thermo fluid for pack pre-heater in place of electricity (6 nos. of pack).
- Optimisation of air washer pumps of CP-4 and CP-5.
- Up-gradation of one Toyobo draw line with AC drive and energy efficient motors.
- Profibus architecture to be modified in CP-4 & CP-5 for booster pump by providing additional hardware to take care risk.
- Control Power system of POY5 quench system to be modified to avoid unwanted voltage loading.
- Addition of one more in-line stretch wrapping machine'in CP-5 automation exit line-l.

5. Expenditure on Research & development

- Capital (Rs. In '000)	- Nil
- Recurring	- Nil
- Total	- Nil
- Total R & D expenditure as % of Turnover	- Nil

6. Technology Absorption, Adaptation and Innovation:

- Re-cycle of photo-etch plate in pack preparation
- Installation of MTS at t/up to avoid bobbin damage
- Production increased by increasing draw speed in 1.0 denier
- Fan circuit modification in Vacon make VFD's
- Protection of CP-5 M/cs tripping due to failure of control card
- Re-cycling of wooden pallets & frames

7. Benefits derived at a result of above efforts:

- Re-cycle of photo-etch plate in pack preparation resulted in saving of 0.2 Million

- Installation of MTS at t/up resulted in saving of 0.38 Million
- Production increased by increasing draw speed in 1.0 denier resulted into saving of 1.9 Million / Year
- Fan circuit modification in Vacon make VFD's resulted in the saving of 0.61 Million / Year
- Protection of CP-5 M/cs tripping due to failure of control card resulted in the saving of 0.20 Million / Year
- Re-cycling of wooden pallet and frames resulted in the saving of 11.5 Million / Year

C. Foreign Exchange Earnings and outgo of the Company

(Rs. in '000)

	Year ended 31 March 2010	Year ended 31 March 2009
a. Foreign Exchange earnings of the Company:		
i. Exports (FOB value)	4,936,024	3,475,391
ii. Others (include dividend and other miscellaneous income)	30,127	30,862
Total:	4,966,151	3,506,253
b. Foreign Exchange Outgo:		
i. CIF value of Imports :		
a. Raw Material	9,626,309	6,431,097
b. Stores and Spares	108,445	86,454
c. Capital Goods	12,864	2,151
Sub Total:	9,747,618	6,519,702
ii. Other Expenditures :		
Travelling	6,998	6,448
Commission	26,740	20,241
Interest	197,777	404,066
Others	481	5,463
Sub Total:	231,996	436,218
iii. Net Dividend Remitted in foreign exchange :	-	48,894
Total:	9,979,614	7,004,814

for **Indo Rama Synthetics (India) Limited**

Place : New Delhi

Dated : 25th September, 2010**O. P. LOHIA**

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Particulars of employees as per Section 217 (2A) of the Companies act, 1956 and the rules thereunder forming part of the Directors' Report for the year ended March 31, 2010.

Sl. No.	Name (Messrs)	Designation/ Nature of Duties	Total Remuneration (Rs.)	Qualification	Age (Years)	Experience (Years)	Commence- ment of Employment	Last Employment With Designation
(A)	Employed for full financial year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 2,400,000 p.a.							
1.	Agarwal M.C.	Vice President - Power Plant	2,458,992	B.Sc. Engg. (Elect.), Dipl. in Admn. Management.	59	33	01.05.1995	Century Rayon Manager (Project & Development)
2.	Chatterjee Debdutta	Vice President (F&A)	2,435,884	ACA	45	22	30.05.2005	L.G.Electronics (P) Ltd. General Manager (F&A)
3.	Jain Arvind	Vice President - HR	2,715,485	B.Sc., LLB Diploma in Social Works	57	33	28.12.2006	Jindal Steel & Power Limited
4.	Jha Ramesh (Power)	Chief Operating Officer	3,678,875	B.Tech. Electrical Engg. (IIT), MBA (Mkt. FMS)	53	30	01.01.2008	Vice President - HR Indo Rama Petrochemicals Ltd. (Chief Operating Officer)
5.	Kishore Anant	C.O.O Polyester	5,403,746	B.Sc., Chem. Engg., PGDB & IM	62	41	07.07.1999	Reliance Industries Ltd. (Vice President- Projects)
6.	Lohia O.P.	Chairman & Managing Director	19,112,245	B.Com	60	40	26.12.1988	-
7.	Lohia Vishal	Whole-Time Director	11,983,594	Bachelors' Degree in Finance & Eco., USA. B.Com (Hons.), CA CS, LLB.	32	8	01.04.2007	-
8.	Singhvi Ravindra S.	President & CFO	6,054,975	B.Com (Hons.), CA CS, LLB.	53	29	01.05.2006	Indo Rama Textiles Limited (Chief of Operations)
9.	Soni Laxmi P.	Vice President (Finance)	3,336,731	FCA, FCS	53	29	01.10.2008	Jindal Poly Films Limited Vice President (Finance) & Secy.
10.	Verma Sharad	Sr. Vice President (Operations)	2,944,602	B.Tech (Mech.)	54	33	21.04.2005	Reliance Industries Limited (Vice President)
(B)	Employed for part of the year and in receipt of remuneration at the rate which in aggregate is not less than Rs. 200,000 p.m.							
1.	Chaudhary C.L.	Vice President (Material)	2,172,056	B.Sc. / MMS-Material	49	27	06.10.2008	Century Enka Ltd. V P (Commercial)
2.	Dayal Rajiv	Business Head	2,310,629	B.E. (Elec.)	58	34	21.03.2001	Welspun Group Vice President (Exports)
3.	Sharma Hemant	Business Head	1,307,325	B.Tech, MBA	47	23	21.09.2009	Trevira GMBH Germany (Reliance) Managing Director

- Notes :**
- Total remuneration comprises salary, special pay and allowances, medical reimbursement, LTC, Company's contribution to Provident Fund, monetary value of other perquisites on the basis of Income Tax Act and Rules, performance bonus and ex-gratia payments but excludes gratuity.
 - The nature of employment in all cases is contractual.
 - Except Mr. O.P. Lohia and Mr. Vishal Lohia, none of the employees is related to any of the Directors of the Company.

Place : New Delhi

Date : 25th September, 2010

For Indo Rama Synthetics (India) Limited
O. P. LOHIA
Chairman & Managing Director

AUDITORS' REPORT

To the Members of

Indo Rama Synthetics (India) Limited

1. We have audited the attached Balance Sheet of Indo Rama Synthetics (India) Limited ("the Company") as at 31 March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v. on the basis of the written representations received from the directors as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For BSR and Associates
Chartered Accountants
Firm Registration No.: 128901W

Kaushal Kishore
Partner
Membership No.: 090075

Place : Gurgaon
Date : 25 September 2010

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Indo Rama Synthetics (India) Limited on the accounts for the year ended 31 March 2010.

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification.
- c. Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
- ii. a. According to the information and explanations given to us, the inventories, except goods in transit and stocks lying with third parties, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained.
- b. In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. As informed to us, the discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (b) to (g) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of major weaknesses in the aforesaid internal control system.
- v. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding Rs. 5 lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public during the year.
- vii. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- ix. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues, to the extent

applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other

material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable.

- b. According to the information and explanation given to us, and on the basis of the records of the Company examined by us, there are no dues of Income tax, Wealth tax, Service tax, Sales tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

(Rs. '000)

Name of the Statute	Nature of dues	Amount of dispute	Amount paid under protest	Period to which it relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise duty	6,220	1,400	2004-05 to 2008-09	Supreme Court
		31,793	3,759	2002-03	Settlement Commission
		494,635	40,609	1994-95 to 2009-10	Customs, Excise and Service tax Appellate Tribunal
		44,012	823	2003-04 to 2008-09	Commissioner Appeal
		517	-	2004-05 to 2006-07	Deputy Commissioner
Bombay Sales Tax Act, 1959 / Central Sales Tax Act, 1956	Sales tax	6,986	-	1998-99	Deputy Commissioner Sales tax (Appeals), Nagpur
Maharashtra VAT Act, 2002	VAT	40,331	-	2008-09	Joint Commissioner Sales tax (Appeals), Nagpur
Customs Act, 1962	Custom duty	1,500	-	1999-2000	Customs, Excise and Service tax Appellate Tribunal
Income Tax Act, 1961	Income tax	18,092	-	Assessment year 2002-03	Commissioner of Income tax (appeals)
		47,606	-	Assessment year 2003-04	Commissioner of Income tax (appeals)
		1,017	-	Assessment year 2007-08	Commissioner of Income tax (appeals)

In respect of Cess, refer to our comment in para (ix) (a) above.

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

- xi. According to the information and explanations given to us, *the Company has defaulted in repayment of dues to certain lenders as per the details below, though these have been repaid either during the year or subsequent to the year end:*

Category	Amount involved (Rs '000)	Delays (considered upto the respective date of payment)
Banks	574,712	1 to 464 days
Financial institutions	240,457	1 to 390 days
Debentures	34,712	1 to 20 days

Further, with regard to the following delays in repayment of dues to lenders, the Company has obtained in-principle reschedulement approvals from the respective lenders and the Company is either in the process of complying with the underlying conditions of reschedulement or has approached such lenders for renegotiations of conditions:

Category	Amount involved (Rs '000)	Delays (upto the year end)
Banks	1,271,646	1 to 350 days
Financial institutions	186,583	1 to 274 days

- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

- xv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

- xvi. According to the information and explanations given to us, term loans have been applied for the purpose for which such loans were obtained.

- xvii. According to the information and explanations given to us and on overall examination of the balance sheet and cash flow statement of the Company, *we report that the Company has used short term funds to the extent of Rs. 1,362,614 thousand for long term investments, mainly for acquisition of fixed assets.*

- xviii. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

- xix. According to the information and explanations given to us, the Company has created adequate security or charge in respect of privately placed debentures issued in the earlier years. However, subsequent to the year end, the charge has been vacated on account of redemption of debentures during the year.

- xx. The Company has not raised any money by public issues during the year.

- xxi. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For BSR and Associates
Chartered Accountants
Firm Registration No.: 128901W

Place : Gurgaon
Date : 25 September 2010

Kaushal Kishore
Partner
Membership No.: 090075

BALANCE SHEET

AS AT 31ST MARCH 2010

	Schedule	As at 31 March 2010 (Rs. '000)	As at 31 March 2009 (Rs. '000)
I) SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1,518,222	1,518,222
Reserves and surplus	2	3,568,771	3,636,185
		5,086,993	5,154,407
Loan funds			
Secured loans	3	8,660,227	8,758,787
Unsecured loans	4	50,383	1,375,173
		8,710,610	10,133,960
Deferred tax liability (Refer note 10 in schedule 18)		1,394,699	1,400,002
Total		15,192,302	16,688,369
II) APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	30,326,450	30,722,461
Less: Accumulated depreciation/amortisation		15,697,620	14,096,761
Net block		14,628,830	16,625,700
Capital work in progress including capital advances		67,453	33,755
		14,696,283	16,659,455
Investments			
Foreign currency monetary item translation	6	172,355	171,686
		7,356	21,474
Current assets, loans and advances			
Inventories	7	2,892,069	1,691,590
Sundry debtors	8	851,608	688,529
Cash and bank balances	9	194,345	264,641
Loans and advances	10	2,421,165	2,845,455
		6,359,187	5,490,215
Less: Current liabilities and provisions			
Current liabilities	11	5,890,496	5,520,047
Provisions	12	152,383	134,414
		6,042,879	5,654,461
Net current assets / (liabilities)		316,308	(164,246)
Total		15,192,302	16,688,369
Significant accounting policies and notes to the accounts			
The accompanying schedules form an integral part of the financial statements.	18		

As per our report attached.

For **BSR and Associates**
Chartered Accountants
Firm Registration No.: 128901W

Kaushal Kishore
Partner
Membership No.: 090075

Place : Gurgaon
Date : 25 September 2010

For and on behalf of the Board of Directors of Indo Rama Synthetics (India) Limited

A. K. Ladha
Director

N. C. Jain
Company Secretary

Place : New Delhi
Date : 25 September 2010

O. P. Lohia
Chairman and Managing Director

Ravindra S. Singhvi
President and CFO

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Schedule	For the year ended 31 March 2010 (Rs. '000)	For the year ended 31 March 2009 (Rs. '000)
Income			
Sales of goods:			
- manufactured goods		26,340,594	25,532,243
- traded goods		253,521	207,451
Gross sales		26,594,115	25,739,694
Less: Excise duty		1,333,631	1,294,851
Net sales		25,260,484	24,444,843
Other income	13	305,265	222,138
Total income		25,565,749	24,666,981
Expenditure			
Raw materials consumed		19,293,545	16,069,685
Goods for trading		224,231	188,310
Operating and other expenditure	14	4,135,865	5,108,225
(Increase)/decrease in finished goods and work in progress	15	(482,600)	2,131,228
Increase/(decrease) in excise duty on stocks of finished goods and waste		56,646	(178,186)
Financial expenses	16	770,395	1,137,898
Depreciation/amortisation		1,630,208	1,653,676
Less : Transferred from revaluation reserve		138,739	138,928
Profit/(loss) before taxation and prior period items		76,198	(1,304,927)
Prior period expense		-	117,447
- Foreign exchange fluctuation		-	44,565
- Interest expense		-	162,012
Profit/(loss) before taxation		76,198	(1,466,939)
Provision for taxation :			
Current tax (including Rs. 10,176 thousand for earlier year, Previous year Rs. Nil)		23,747	-
Less: MAT credit entitlement		13,571	-
Deferred tax charge/ (credit) (Refer note 10 in schedule 18)		(5,303)	(473,555)
Prior period deferred tax (credit)		-	(55,068)
Less: Deferred tax adjusted in General Reserve in relation to amortisation of foreign exchange gain for the year 2007-08		-	(32,603)
Fringe benefit tax		-	7,425
Profit/(loss) after taxation		71,325	(978,344)
Balance brought forward		780,214	1,746,527
Transfer from debenture redemption reserve		12,029	12,031
Balance carried to the balance sheet		863,568	780,214
Basic and diluted earnings per equity share (in Rs.) [Face value Rs.10 each]	17	0.47	(6.44)
Significant accounting policies and notes to the accounts	18		
The accompanying schedules form an integral part of the financial statements.			

As per our report attached to the Balance Sheet.

 For **BS R and Associates**
 Chartered Accountants
 Firm Registration No.: 128901W

Kaushal Kishore
 Partner
 Membership No.: 090075

 Place : Gurgaon
 Date : 25 September 2010

For and on behalf of the Board of Directors of Indo Rama Synthetics (India) Limited

A. K. Ladha
 Director

N. C. Jain
 Company Secretary

 Place : New Delhi
 Date : 25 September 2010

O. P. Lohia
 Chairman and Managing Director

Ravindra S. Singhvi
 President and CFO

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2010

	For the year ended 31 March 2010 (Rs. '000)	For the year ended 31 March 2009 (Rs. '000)
A. Cash flow from operating activities		
Profit / (loss) before taxation	76,198	(1,466,939)
Adjusted for:		
Depreciation	1,491,469	1,514,748
Loss on scrap / disposal of fixed asset	7,454	4,706
Provision made / (written back) for diminution in the value of investments	(669)	4,237
Foreign Exchange (gain) / loss (net)	(92,483)	345,998
Interest income	(47,570)	(69,489)
Dividend income	(29,773)	(28,688)
Interest expense	667,678	1,041,541
Operating profit before working capital changes	2,072,304	1,346,114
Changes in :		
(Increase) / decrease in inventories	(1,200,479)	2,062,954
(Increase) / decrease in sundry debtors	(163,079)	425,463
Decrease in loans and advances	413,567	509,300
Decrease / (increase) in sundry creditors and provisions	501,165	(1,073,323)
Cash generated from operations	1,623,478	3,270,508
Income tax paid	(5,981)	(141,187)
Net cash from operating activities (A)	1,617,497	3,129,321
B. Cash flow from investing activities		
Purchase of fixed assets	(140,019)	(721,534)
Sale of fixed assets	1,743	4,118
Dividend received	29,773	28,688
Interest received	54,097	67,167
Net cash used in investing activities (B)	(54,406)	(621,561)
C. Cash flow used in financing activities		
Receipts against partly paid shares	-	3
Long term borrowings repaid during the year	(885,285)	(1,749,885)
Long term borrowings during the year	77,772	1,162,742
Short term borrowings	(76,679)	(501,667)
Payment of dividend (including unclaimed dividend)	(172)	(151,559)
Tax on dividend	-	(25,803)
Interest paid	(749,023)	(1,140,533)
Net cash used in financing activities (C)	(1,633,387)	(2,406,702)

	For the year ended 31 March 2010 (Rs. '000)	For the year ended 31 March 2009 (Rs. '000)
Net changes in cash and cash equivalents (A+B+C)	(70,296)	101,058
Cash and cash equivalents - opening balance	264,641	163,583
Cash and cash equivalents - closing balance	194,345	264,641
Cash and cash equivalents comprise of -		
Cash in hand	1,150	61,322
With scheduled banks:		
In current accounts	185,768	163,386
In margin money account	816	33,150
In unpaid dividend accounts	6,611	6,783
	194,345	264,641
Significant accounting policies and notes to the accounts (Refer schedule 18)		
The accompanying schedules form an integral part of the financial statements.		

Notes:

- 1 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 "Cash Flow Statement" specified in the Companies (Accounting Standards) Rules, 2006.
- 2 Negative figures have been shown in brackets.

As per our report attached to the Balance Sheet.

For **BS Rand Associates**
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of Indo Rama Synthetics (India) Limited

Kaushal Kishore
Partner
Membership No.: 090075

A. K. Ladha
Director

O. P. Lohia
Chairman and Managing Director

N. C. Jain
Company Secretary

Ravindra S. Singhvi
President and CFO

Place : Gurgaon
Date : 25 September 2010

Place : New Delhi
Date : 25 September 2010

SCHEDULES TO THE ACCOUNTS

	As at 31 March 2010 (Rs. '000)	At at 31 March 2009 (Rs. '000)
Schedule 1: Share capital		
Authorised 185,000,000 (Previous year 185,000,000) equity shares of Rs. 10 each	1,850,000	1,850,000
Issued, subscribed and paid up 151,822,242 (Previous year 151,822,242) equity shares of Rs. 10 each, allotted as fully paid up	1,518,222	1,518,222
	1,518,222	1,518,222

Notes:

1. Of the above equity shares of Rs. 10 each :
 - a) 325,200 were issued as fully paid up otherwise than for cash, issued pursuant to a contract (Previous year 325,200 shares).
 - b) 22,927,269 were allotted as fully paid up bonus shares by capitalisation of share premium account (Previous year 22,927,269 shares).
 - c) 10,531,360 are outstanding against 1,316,420 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of Rs. 10 each (Previous year 10,531,360).
 - d) 20,000,000 were issued during the year 2007-08 as fully paid up shares to shareholders of erstwhile Indo Rama Petrochemicals Limited, pursuant to a scheme of amalgamation, for consideration other than cash.

	As at 31 March 2009 (Rs. '000)	Additions (Rs. '000)	Deductions/ Adjustments (Rs. '000)	As at 31 March 2010 (Rs. '000)
Schedule 2: Reserves and surplus				
Capital reserve	802	-	-	802
Revaluation reserve (a)	904,880	-	138,739	766,141
Share premium account	1,662,216	-	-	1,662,216
Debenture redemption reserve (b)	12,029	-	12,029	-
General reserve	276,044	-	-	276,044
Profit and loss account	780,214	83,354	-	863,568
	3,636,185	83,354	150,768	3,568,771
Previous year	4,817,045	44,810	1,225,670	3,636,185

Notes:

- (a) Deduction from revaluation reserve is in respect of additional depreciation on account of revaluation of assets.
- (b) Debenture redemption reserve has been transferred to the Profit and Loss Account.

	As at 31 March 2010 (Rs. '000)	At at 31 March 2009 (Rs. '000)
Schedule 3 : Secured loans		
Debentures		
Nil (Previous year 481,240) 16.5% Redeemable non-convertible debentures of Rs.100 each	-	48,124
Loans and advances from banks		
Cash / other credit facilities	1,759,730	618,651
Term loans		
- Rupee loans	3,389,415	2,736,035
- Foreign currency loans	<u>2,460,641</u>	<u>3,960,916</u>
	5,850,056	6,696,951
Other loans and advances		
- Rupee loans	250,138	380,555
- Foreign currency loans	<u>778,033</u>	<u>1,001,667</u>
	1,028,171	1,382,222
Interest accrued and due on loans	22,270	12,839
	8,660,227	8,758,787

Notes:

1. Debentures:

Debentures of Rs.Nil (Previous year Rs. 48,124 thousand) were secured by equitable mortgage on all immovable properties (excluding land in the state of Gujarat) of the Company by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari passu with the charges created in favour of Banks and Financial Institutions for securing rupee and foreign currency term loans, subject to prior charges created and/ or to be created in favour of the Company's bankers on specified movables for securing borrowings for working capital requirements. The debentures have been fully repaid during the year and the charges have also since been vacated. [repayable within one year Rs. Nil (Previous year Rs. 48,124 thousand)].

2. Loans and advances from banks:

Cash/ other credit facilities from banks amounting to Rs. 1,759,730 thousand (Previous year Rs. 618,651 thousand) are secured by way of hypothecation of stocks of raw materials, work in progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present and future. These loans are further secured by a second charge on all the immovable properties of the Company, both present and future.

3. Rupee term loans from banks comprising:

Amounts aggregating Rs. 2,137,101 thousand (Previous year Rs. 1,938,520 thousand) are secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari-passu with the charges created/to be created in favour of Banks and Financial Institution for securing rupee and foreign currency term loans.

Amounts aggregating Rs. 614,797 thousand (Previous year Rs. 56,815 thousand) availed from banks are secured by first specific charge over the specific assets purchased under the loan agreement for thermal power project of the Company.

Amounts aggregating Rs. 37,500 thousand (Previous year Rs. 117,500 thousand) are secured by way of subservient charge on the current and fixed assets of the Company.

Amounts aggregating Rs. 26,250 thousand (Previous year Rs. Nil) are secured by way of subservient charge on the moveable fixed assets of the Company.

Working capital term loans aggregating Rs. 573,767 thousand (Previous year Rs. 623,200 thousand) are secured by way of first charge on the Company's entire fixed assets ranking pari passu with other banks.

4. Foreign currency term loans from banks comprising:

Amounts aggregating Rs. 61,457 thousand (Previous year Rs. 547,463 thousand) are secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari passu with the charges created / to be created in favour of banks and financial institution for securing rupee and foreign currency term loans.

Amounts aggregating Rs. 2,399,184 thousand (Previous year Rs. 2,806,357 thousand) availed from a bank are secured by first pari passu specific charge on the equipment purchased under this agreement for the Company's polyester expansion project and a first charge on the land situated at Mehsana, Gujarat.

Amount aggregating Rs. Nil (Previous year Rs. 607,096 thousand) availed from a bank is secured by first specific charge over the entire fixed assets purchased under the loan agreement for thermal power project of the Company.

5. Other loans and advances:

Rupee term loan from others of Rs. 250,138 thousand (Previous year Rs. 380,555 thousand) is secured by equitable mortgage

on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari passu with the charges created/ to be created in favour of Banks and Financial Institution for securing rupee and foreign currency term loans.

Foreign currency term loan from others of Rs. 778,033 thousand (Previous year Rs. 1,001,667 thousand) are secured by equitable mortgage on all the immovable properties (excluding land in the state of Gujarat) by way of deposit of title deeds and hypothecation of movable assets of the Company (save and except book debts and assets exclusively hypothecated to Banks and Bodies Corporate) including movable machinery, machinery spares, tools and accessories, both present and future, ranking pari passu with the charges created/ to be created in favour of Banks and Financial Institution for securing rupee and foreign currency term loans.

Amounts aggregating Rs. Nil (Previous year Rs. 35,846 thousand) is secured by first ranking floating charge on the equipment purchased under the loan agreement.

[Loans and advances from banks and others aggregating Rs. 2,781,597 thousand (Previous year Rs. 2,288,619 thousand) are payable within one year]

	Asat 31 March 2010 (Rs. '000)	Atat 31 March 2009 (Rs. '000)
Schedule 4: Unsecured loans		
Short term loans and advances		
- From banks	-	56,833
- Buyers' line of credit	-	1,267,526
- Inter corporate deposit from body corporates	50,000	50,000
Interest accrued and due on loans	383	814
	50,383	1,375,173

Schedule 5 : Fixed assets (Rs. 000)

Asset description	Gross block			Depreciation			Net block					
	Book value at cost or revalued amounts as at 31 March 2009	Adjustments	Additions at cost	Disposals/ adjustments	Book value at cost or revalued amounts as at 31 March 2010	Upto 31 March 2009	In respect of adjustments	Depreciation for the year	In respect of disposals/ adjustments	Upto 31 March 2010	As at 31 March 2010	As at 31 March 2009
Tangibles:												
Land:												
- leasehold	91,406	-	-	-	91,406	1,629	-	1,002	-	12,631	78,775	79,777
- freehold	1,585	-	-	-	1,585	-	-	-	-	-	1,585	1,585
Road and buildings	1,347,504	(7,251)	21,034	-	1,361,287	312,007	(7,251)	31,622	-	336,378	1,024,909	1,035,497
Leasehold improvements	-	7,251	25,541	7,251	25,541	-	7,251	1,742	7,251	1,742	23,799	-
Plant and machinery	28,940,814	-	26,932	443,435	28,524,311	13,556,149	-	1,575,715	1,355	15,130,509	13,393,802	15,384,665
Furniture and fittings	277,568	-	9,629	28,272	258,925	182,751	-	14,395	19,775	177,371	81,554	94,817
Vehicles	46,644	-	956	1,145	46,455	18,749	-	4,268	968	22,049	24,406	27,895
Intangibles:												
Software	16,940	-	-	-	16,940	15,476	-	1,464	-	16,940	-	1,464
Current year	30,722,461	-	84,092	480,103	30,326,450	14,096,761	-	1,630,208	29,349	15,697,620	14,628,830	16,625,700
Previous year	30,109,279	-	631,057	17,875	30,722,461	12,456,717	-	1,653,676	13,632	14,096,761	67,453	33,755
Capital work in progress (including capital advances Rs. 45,254 thousand (previous year Rs. 19,303 thousand))											14,696,283	16,659,455

Notes:

1. Leasehold land, building and plant and machinery were revalued in 2000 based on the valuation carried out by an independent valuer.
2. Disposals / adjustments to plant and machinery include gains on foreign exchange fluctuation Rs. 441,557 thousand (Previous year loss of Rs. 483,682 thousand adjusted in additions).
3. Buildings include Rs. 101 thousand (Previous year Rs. 101 thousand) being cost of shares in a Co-operative Housing Society.

	As at 31 March 2010		At at 31 March 2009	
	No.	(Rs. '000)	No.	(Rs. '000)
Schedule 6: Investments (Non trade)				
(I) Long term investments (at cost less diminution)				
Equity shares - Unquoted				
Fully paid up equity shares of Rs. 10 each				
Ritspin Synthetics Limited	1,500,000	15,000	1,500,000	15,000
Less: Provision for diminution in the value of long term investments		(15,000)		(15,000)
		-		-
(II) Current investments (at the lower of cost and fair value)				
A) In Government securities, unquoted				
National Savings Certificates VIth issue (pledged with sales tax authorities)		4		4
Other investments (quoted)				
B) Equity shares				
Fully paid up equity shares of Rs. 10 each				
Optel Telecommunications Limited	52,501	3,675	52,501	3,675
Sanghi Polyesters Limited	708,400	23,439	708,400	23,439
Fully paid up equity shares of Rs. 5 each				
Balasore Alloys Limited	72,601	1,660	72,601	1,660
Fully paid up equity shares of 1 Baht each				
Indorama Ventures Public Company Limited, Thailand (a)	128,029,200	140,990	-	-
Indorama Polymers Public Company Limited, Thailand (a)	-	-	90,480,000	140,990
		169,764		169,764
C) Preference shares				
Fully paid up preference shares of Rs.10 each				
0.01% Cumulative redeemable preference shares				
Ispat Industries Limited	892,000	8,920	892,000	8,920
Less: Provision for diminution in the value of current investments		(6,333)		(7,002)
		2,587		1,918
		172,355		171,686

Note:

- (a) During the year, as a result of business restructuring arrangement between Indorama Polymers Public Company Limited ("IRP") and Indorama Ventures Public Company Limited ("IVL"), the Company's investments in 90,480,000 shares of IRP were swapped with 128,029,200 shares of IVL as per the share swap ratio.

	As at 31 March 2010		As at 31 March 2009	
	Aggregate Book Value (Rs. '000)	Market Value/ Net Asset Value (Rs. '000)	Aggregate Book Value (Rs. '000)	Market Value/ Net Asset Value (Rs. '000)
Quoted investments				
- Equity shares	169,764	2,894,050	169,764	649,677
- Preference shares	2,587	2,587	1,918	1,918
Unquoted investments				
- Others	4		4	
	172,355		171,686	

	As at 31 March 2010 (Rs. '000)	At at 31 March 2009 (Rs. '000)
Schedule 7: Inventories		
Stores and spares	216,036	188,431
Raw materials	1,493,940	803,666
Stock in trade		
- Work in progress	192,583	145,724
- Finished goods	987,394	543,140
- Waste	2,116	10,629
	2,892,069	1,691,590
Schedule 8: Sundry debtors		
Unsecured		
- Debts outstanding over six months		
Considered good	79,037	52,037
Considered doubtful	63,004	58,839
- Other debts		
Considered good	772,571	636,492
	914,612	747,368
Less : Provision for doubtful debts	63,004	58,839
	851,608	688,529
Schedule 9: Cash and bank balances		
Cash in hand	1,150	61,322
Balances with scheduled banks:		
- Current accounts	185,768	163,386
- Margin money accounts*	816	33,150
- Unclaimed dividend accounts	6,611	6,783
	194,345	264,641
* Fixed deposits pledged with banks for performance guarantees issued to government authorities on behalf of the Company.		
Schedule 10: Loans and advances		
(Unsecured and considered good unless otherwise stated)		
Considered good		
Advances recoverable in cash or in kind or for value to be received	207,816	241,517
Balances with customs and excise authorities	703,211	1,305,631
Advance tax (net of provision Rs. 486,079 thousand, previous year Rs. 462,332 thousand)	52,011	69,777
MAT credit entitlement	112,726	99,155
Security deposits	36,177	30,697
Interest accrued on deposits and others	152	6,679
Claims and other receivables (also refer note 4 in schedule 18)	1,291,912	1,079,841
Keyman insurance - surrender value	17,160	12,158
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	2,617	2,617
	2,423,782	2,848,072
Less : Provision for doubtful advances	2,617	2,617
	2,421,165	2,845,455

	As at 31 March 2010 (Rs.'000)	At at 31 March 2009 (Rs.'000)
Schedule 11: Current liabilities		
Acceptances	2,293,405	2,620,749
Sundry creditors - micro and small enterprises (Refer note 16 in schedule 18)	119	-
- Others	3,513,982	2,532,455
Advances from customers	45,702	83,317
Unclaimed dividends (Refer note 17 in schedule 18)	6,611	6,783
Interest accrued but not due on loans	18,904	109,249
Other liabilities	11,773	167,494
	5,890,496	5,520,047
Schedule 12: Provisions		
Retirement benefits		
- Gratuity	97,704	85,767
- Leave benefits	54,679	48,647
	152,383	134,414
Schedule 13: Other income		
Interest from others (tax deducted at source Rs. 2,323 thousand, previous year Rs. 6,894 thousand)	47,570	69,489
Dividend income from current non trade investments (tax deducted at source Rs. 2,084 thousand, previous year Rs. 2,869 thousand)	29,773	28,688
Reversal of provision for diminution in the value of non trade current investments	669	-
Sale of scrap	54,435	51,823
Foreign exchange fluctuation (net)	83,646	-
VAT refund	42,493	15,791
Duty draw back	-	23,510
Miscellaneous receipts	46,679	32,837
	305,265	222,138
Schedule 14: Operating and other expenditure		
Salaries, wages and bonus	468,660	438,669
Leave benefits	9,866	13,358
Gratuity	18,113	19,015
Contribution to provident and other funds	36,391	34,699
Workmen and staff welfare expenses	34,214	32,056
Consumption of stores and spares	369,825	340,891
Packing materials consumed	466,235	424,742
Power and fuel	1,813,085	1,489,381
Freight and forwarding charges	762,759	827,550
Less : Recovery	488,183	485,070
Rent and hire charges	51,419	55,729
Rates and taxes	11,634	8,772
Insurance	51,291	51,236
Less: Recovery	9,221	9,736
Repairs and maintenance:		
- plant and machinery	37,659	31,486
- buildings	11,242	13,857
- others	44,327	29,417

	For the Year Ended 31 March 2010 (Rs.'000)	For the Year Ended 31 March 2009 (Rs.'000)
Schedule 14 (Contd...)		
Brokerage and commission on sales (other than to sole selling agents)	60,204	52,779
Cash discounts, rebates and claims	64,471	76,336
Directors' sitting fee	600	740
Auditors' remuneration:		
- audit fee	2,800	2,800
- tax audit fee	400	1,275
- limited review of financial statements	1,800	1,900
- certification, etc.	203	225
- out of pocket expenses	123	325
Donations	109	5
Provision for doubtful debts and advances (net)	19,263	13,777
Bad debts and other balances written off	15,321	6,180
Less: Provision held (net)	15,098	2,992
Provision for diminution in the value of current non trade investments	-	4,237
Loss on scrap / disposal of fixed assets (net)	7,454	4,706
Foreign exchange fluctuation (net)	-	1,296,230
Miscellaneous expenses	288,899	333,650
	4,135,865	5,108,225
Schedule 15: (Increase)/decrease in finished goods and work in progress		
Closing balance		
- Finished goods	987,394	543,140
- Work in progress	192,583	145,724
- Waste	2,116	10,629
	1,182,093	699,493
Less: Opening balance		
- Finished goods	543,140	2,603,924
- Work in progress	145,724	225,173
- Waste	10,629	1,624
	699,493	2,830,721
	(482,600)	2,131,228
Schedule 16: Financial expenses		
Interest on fixed loans:		
- on debentures	3,343	10,932
- on term loans	531,421	661,465
Interest on others	132,914	369,144
Bank charges	102,717	96,357
	770,395	1,137,898
Schedule 17: Earnings per share (EPS)		
Net profit / (loss) as per profit and loss account	71,325	(978,344)
Number of equity shares of Rs. 10 each at the beginning of the year	151,822,242	151,827,284
Total number of equity shares of Rs. 10 each at the end of the year	151,822,242	151,822,242
Weighted average number of equity shares of Rs. 10 each at the end of the year for calculation of basic and diluted EPS	151,822,242	151,827,284
Basic and diluted earning per share (in Rs.) (Per share of Rs. 10 each)	0.47	(6.44)

Schedule 18: Significant accounting policies and notes to the accounts

1. Nature of operations

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Company' or 'IRSL') is a manufacturer of Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Draw Texturised Yarn (DTY) and Chips. The Company is also engaged in power generation, which is used for captive consumption and surplus power is sold through grid. The Company's manufacturing facilities are located at Butibori, Nagpur.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared on accrual basis under the historical cost convention, modified to include revaluation of certain assets, in accordance with applicable Accounting Standards (AS) specified in the Companies (Accounting Standards) Rules, 2006 and presentational requirements of the Companies Act, 1956.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the result of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates are estimated useful life of assets, provision for doubtful debts and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) Fixed assets

Fixed Assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of the qualifying assets, upto the date of commissioning of the assets.

Foreign currency exchange differences to the extent covered under AS-11 [amended vide MCA notification no. G.S.R. 225 (E) dated 31 March 2009] are capitalised as per the policy stated in note (k) below.

(d) Depreciation/amortisation

- Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.
- Depreciation on other fixed assets (excluding software) is provided using the straight line method at the rates based on useful lives of the assets estimated by the management, which are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.
- Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100%.
- Additional depreciation on account of revaluation of assets is transferred from/charged to the Revaluation Reserve account.
- Software are amortised on straight line method over a period of three years.

(e) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, had no impairment loss been recognised.

(f) Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at the lower of cost and fair value. Long term investments are carried at cost less diminution, other than temporary in value.

(h) Inventories

- Stores and spare parts are valued at cost or under, computed on weighted average basis.
- Raw materials, work in progress and finished goods are valued at the lower of cost and net realizable value. Finished goods and work in progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

(i) Revenue recognition*Sale of goods*

- Revenue from sale of products is recognised when the products are dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of risks and rewards.
- Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

Sale of power

- Sale of power is recognized on the basis of actual quantity of power sold with reference to the contracted rate.

Claims lodged with insurance companies

- Claims lodged with the insurance companies are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain.

Dividend

- Dividend from investments is recognised when the right to receive dividend is established.

(j) Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased

asset are classified as operating lease. Operating lease charges are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

(k) Foreign exchange transactions and forward contracts*Foreign exchange transactions*

- (i) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities are dealt with in the profit and loss account.

- (ii) In accordance with notification no. GSR 225 (E) dated 31 March 2009 of Ministry of Corporate Affairs, exchange differences arising in respect of long term foreign currency monetary items:

- used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- used for the purpose other than the acquisition of depreciable capital asset, are accumulated in Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortized over the balance period of such liability but not beyond 31 March 2011.

- (iii) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

Any profit or loss arising on the cancellation or renewal of such contracts is recognised as income or expense for the year.

- (iv) Forward exchange contracts taken for highly probable/ forecast transactions, which are not covered by Accounting Standard 11, are marked to market in accordance with the principles under AS 30 "Financial Instruments: Recognition and Measurement", which has been recommendatory for the accounting periods commencing on or after 1 April 2009. Consequential gains and losses are recognised in the profit and loss account.

(l) Employee benefits

a) Short term employee benefits

- All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

b) Post employment benefit

• Defined contribution plan

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognised in the Profit and Loss Account in the financial year to which they relate.

• Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

c) Other long term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements can be availed while in service or en-cashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

(m) Taxation

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefits tax. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognised using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognised only if there is virtual certainty of realisation of such amounts. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability.

The credits arising from Minimum Alternate Tax paid are recognised as receivable only if there is reasonable certainty that the Company will have sufficient taxable income in future years to utilise such credits.

(n) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be a outflow of

resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3. Hitherto, upto the previous year, the Company followed a policy of recognising mark to market losses, and not gains, in relation to foreign exchange forward contracts taken for highly probable/ forecast transactions. During the current year, the Company has followed the principles of AS 30 "Financial Instruments: Recognition and Measurement", which has been recommendatory for the accounting periods commencing on or after 1 April 2009, and has recognised mark to market gain of Rs. 42,432 thousand. This change has resulted in the profit for the year and the reserves and surplus at the end of the year being higher by Rs. 42,432 thousand.
4. The Company had lodged claims with an insurance company for the loss of asset and loss suffered due to business interruption under loss of Profit policy relating to the fire incidence at Butibori plant in 2007-08.

During the year, the Company has filed an application with Insurance Regulatory Development Authority (IRDA) to appoint second surveyor to reassess the loss since the methodology adopted by surveyor appointed by the insurance Company for assessing the loss was incorrect. The Company is of the view, supported by legal advice, that the receipt of amounts as recognized in the books as recoverable is reasonably certain. (Also refer to note 9 in schedule 22 of financial statements for the year 2007-08).

5.1 Particulars in respect of goods manufactured

Class of goods	Unit	Licensed capacity		Installed capacity [see foot note (i) below]		Actual Production	
		2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Polyester Staple Fibre	TPA	See foot note (ii)		263,550	263,550	185,929	134,870
Polyester Filament Yarn	TPA	See foot note (ii)		259,000	259,000	176,723	169,312
Draw Texturised Yarn	TPA	See foot note (ii)		43,800	43,800	42,304	34,076
Polyester Chips	TPA	See foot note (ii)		87,500	87,500	11,864	29,163
Electrical power	MWPH	NA	NA	82.5	82.5	48.3	41.9

Notes:

- i) The Company manufactures varying denier/ qualities of fibers/ yarn, the above capacity is calculated based on a mix of product range as certified by the management and relied on by the auditors being a technical matter.
- ii) Delicensed vide notification no. 477 (E) dated 27 July 1991 and press note No. 1 (1998 series) dated 8 June 1998.
- iii) TPA-Tones per annum
- iv) MWPH-Mega watt per hour

5.2 Particulars in respect of sales, opening and closing stocks of finished goods:

(Rs. '000)

Classification of goods	Opening stock		Sales		Closing stock	
	Quantity (MT)	Value (Rs)	Quantity (MT)	Value (Rs)	Quantity (MT)	Value (Rs)
Polyester Staple Fibre	348 (21,675)	18,349 (1,322,034)	181,838 (156,196)	11,668,728 (9,720,925)	4,439 (348)	265,776 (18,349)
Polyester Filament Yarn	6,207 (14,169)	350,715 (919,652)	135,172 (143,580)	9,198,277 (9,554,840)	6,135 (6,207)	444,509 (350,715)
Draw Texturised Yarn	2,535 (4,822)	170,363 (351,164)	41,785 (36,363)	3,199,973 (2,847,791)	3,054 (2,535)	240,902 (170,363)
Polyester Chips	84 (194)	3,713 (11,074)	11,389 (29,273)	661,125 (1,808,176)	559 (84)	36,207 (3,713)
Electrical power (in MWPH)	- (-)	- (-)	22.4 (19.2)	1,520,263 (1,503,601)	- (-)	- (-)
Others		10,629 (1,624)		92,228 (96,910)		2,116 (10,629)
Total		553,769 (2,605,548)		26,340,594 (25,532,243)		989,510 (553,769)

Notes:

- Figures in brackets are for previous year.
- PFY of 41,623 MT (Previous year 33,694 MT), transferred to DTY Division for internal consumption, is excluded from the sales of PFY, though included in PFY production.
- Sale of power excludes 25.9 MWPH (Previous year 22.70 MWPH) consumed internally.
- Sales value is inclusive of excise duty.
- It is not practicable to furnish quantitative information in view of the considerable number of items in others, which are diverse in size and nature. Also, no individual item exceeds ten percent of total value.

5.3 Particulars in respect of trading goods purchased for resale

Particulars	Quantity (MT)		Value (Rs. '000)	
	2009-2010	2008-2009	2009-2010	2008-2009
Opening Stock	-	-	-	-
Purchases	7,144	6,122	224,231	188,310
Sales	7,144	6,122	253,521	207,451
Closing Stock	-	-	-	-

5.4 Details of raw materials consumed:

Particulars	Quantity (MT)		Value (Rs. '000)	
	2009-2010	2008-2009	2009-2010	2008-2009
Purified Terephthalic Acid	320,990	286,016	14,148,702	11,285,718
Mono Ethylene Glycol	123,992	111,485	4,229,266	4,072,820
Others*			915,577	752,886
Total			19,293,545	16,111,424

* No other individual item of raw material is more than 10% of the total value of raw material consumption.

5.5 Value of raw materials, stores and spares and packing materials consumed:

Particulars	Percentage of total consumption		Value (Rs. '000)	
	2009-2010	2008-2009	2009-2010	2008-2009
Raw Materials				
Imported	48	37	9,245,667	6,033,249
Indigenous	52	63	10,047,878	10,078,175
Total	100	100	19,293,545	16,111,424
Stores and Spares				
Imported	27	21	100,151	71,146
Indigenous	73	79	269,674	269,745
Total	100	100	369,825	340,891
Packing Materials				
Imported	5	-	21,360	-
Indigenous	95	100	444,875	424,742
Total	100	100	466,235	424,742

6.1 Managerial remuneration (see note)

Particulars	(Rs. '000)	
	2009-10	2008-09
Salaries and allowances	27,500	26,700
Contribution to provident fund	2,088	2,088
Perquisites	715	1,479
Sitting fee	600	740
Total	30,903	31,007

Note:

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the managing director/whole time director is not ascertainable and, therefore, not included above.

6.2 Earnings in foreign currency (accrual basis)

Particulars	(Rs. '000)	
	2009-10	2008-09
F.O.B. value of exports	4,936,024	3,475,391
Others (Include dividend and other miscellaneous income)	30,127	30,862
Total	4,966,151	3,506,253

6.3 CIF value of imports

(Rs. '000)		
Particulars	2009-10	2008-09
Raw materials	9,606,467	6,431,097
Packing material	19,842	-
Stores and spares	1,08,445	86,454
Capital goods	12,864	2,151
Total	9,747,718	6,519,702

6.4 Expenditure in foreign currency (accrual basis)

(Rs. '000)		
Particulars	2009-10	2008-09
Travelling	6,998	6,448
Commission	26,740	20,241
Interest	197,777	404,066
Others	481	5,463
Total	231,996	436,218

6.5 Net dividend remitted in foreign exchange*

	2009-10	2008-09
Period to which dividend relates to	1 April 2008 to 31 March 2009	1 April 2007 to 31 March 2008
- Number of non-resident shareholders (Nos.)	-	3
- Number of equity shares held on which dividend was due (Nos.)	-	48,894,449
- Amount remitted nil (Previous year USD 950,078 and JPY 12,216,817) (Rs. in thousand)	-	48,894

* Excluding dividend credited to FCNR/ NRE accounts of non resident Indians and also payments of dividend to Foreign Institutional Investors on repatriation basis.

7. Disclosure pursuant to Accounting Standard 15 on "Employee Benefits"**Defined contribution plans**

An amount of Rs. 36,391 thousand (Previous year Rs. 34,699 thousand) for the year, have been recognized as an expense in respect of the Company's contribution for Provident Fund, deposited with the government authorities and have been included under operating and other expenditure in the Profit and Loss Account.

Defined benefit plans

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the balance sheet and profit and loss account:

(Rs. '000)

Particulars	For the year ended 31 March 2010	For the year ended 31 March 2009
Changes in present value of obligation		
Present value of obligation as at the beginning of the year	85,767	73,994
Interest cost	6,433	4,440
Current service cost	8,808	8,124
Benefits paid	(5,802)	(7,242)
Actuarial loss on obligation	2,498	6,451
Present value of obligation as at end of the year	97,704	85,767
Expenses recognized in the profit and loss account		
Current service cost	8,808	8,124
Interest cost on benefit obligation	6,433	4,440
Net actuarial loss recognised in the year	2,498	6,451
Expenses recognised in the profit and loss account	17,739	19,015

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

Particulars	2009-10	2008-09
Discount rate	7.50%	6%
Salary Escalation Rate (per annum)	5%	3.5%
Withdrawal rates		
Age - Upto 30 years	3%	3%
31-44 years	2%	2%
Above 44 years	1%	1%
Mortality rate	LIC (1994-96)	LIC (1994-96)

Discount Rate: The discount rate is estimated based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Salary Escalation Rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

8. Segmental information:

(a) Information about primary business segment:

The Company primarily deals in polyester business and considering the risks and rewards and reporting systems, has viewed Polyester Staple Fibre (PSF), Polyester Filament Yarn (PFY) and Draw Texturised Yarn (DTY) as one integrated business. The Company is also engaged in sale of surplus power. Accordingly, the Company has organised its operations into two major business segments, i.e., Polyester and Power.

Segment revenues, results and other information

(Rs. '000)

	Polyester		Power		Eliminations		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue								
External sales (net of excise duty)	23,740,221	22,941,242	1,520,263	1,503,601	-	-	25,260,484	24,444,843
Inter-segment sales	-	-	1,125,560	1,023,663	1,125,560	1,023,663	-	-
Other business related income	137,869	118,323	12,205	4,117	-	-	150,074	122,440
Total revenue	23,878,090	23,059,565	2,658,028	2,531,381	1,125,560	1,023,663	25,410,558	24,567,283
Results								
Segment result	218,451	(597,049)	568,007	694,265	-	-	786,458	97,216
Unallocated expense (net of unallocated income)							(90,152)	(547,538)
Profit/ (loss) from operation before interest and taxation							696,306	(450,322)
Interest expense							(667,678)	(1,086,106)
Interest income							47,570	69,489
Profit/ (loss) before taxation							76,198	(1,466,939)
Other information								
Assets								
Segment assets	18,626,999	19,896,174	2,036,529	1,829,972	-	-	20,663,528	21,726,146
Foreign currency monetary item translation							7,356	21,474
Unallocated assets							564,297	595,210
Total assets	18,626,999	19,896,174	2,036,529	1,829,972	-	-	21,235,181	22,342,830
Liabilities/ shareholders' funds								
Segment liabilities	5,737,833	5,141,287	153,256	254,690	-	-	5,891,089	5,395,977
Unallocated liabilities							10,257,099	11,792,446
Share capital							1,518,222	1,518,222
Reserves							3,568,771	3,636,185
Total liabilities	5,737,833	5,141,287	153,256	254,690	-	-	21,235,181	22,342,830
Others								
Capital expenditure	5,586	440,010	49,037	168,627	-	-	54,623	608,637
Unallocated capital expenditure							63,167	18,913
							117,790	627,550
Depreciation	1,352,468	1,379,422	131,013	128,530	-	-	1,483,481	1,507,952
Unallocated depreciation							7,988	6,796
							1,491,469	1,514,748

(b) Information on secondary / geographical segment

Information of geographical segment is based on the geographical location of the customers.

(Rs. '000)

Particulars	2009-10	2008-09
Segment revenue		
Domestic	20,327,732	20,892,929
Overseas	5,082,826	3,674,354
Total	25,410,558	24,567,283
Segment debtors		
Domestic	567,349	669,214
Overseas	284,259	19,315
Total	851,608	688,529

Note: The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets/ additions to other assets cannot be furnished.

9. Related party disclosure

- (i) Related parties where control exists : None
- (ii) Other related parties with whom Company had transactions:
- | | |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Key management personnel | Mr. O. P. Lohia, Chairman cum Managing Director
Mr. Vishal Lohia, Whole Time Director |
| Relative of key management personnel | Mrs. Ritika Kumar |
| Enterprises over which key management personnel or their relatives have significant influence | Indo Rama Retail Holdings Private Limited (IRRHPL)
Indo Rama Petrochem Limited (IRPL) |

(iii) Transactions with related parties:

(Rs. '000)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which key management personnel or their relatives have significant influence	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchases						
- IRPL	-	-	-	-	1,964,848	96,156
- IRRHPL	-	-	-	-	688	469
Rent expenses						
- Mr. Vishal Lohia	-	523	-	-	-	-
- Mrs. Ritika Kumar	-	-	-	295	-	-
Managerial remuneration (Refer note 6.1 in schedule 18 also)						
- Mr. O. P. Lohia	19,113	19,075	-	-	-	-
- Mr. Vishal Lohia	11,190	11,192	-	-	-	-
Balance outstanding as at the year end:						
- Remuneration payable	-	47	-	-	-	-
- Creditors	-	-	-	-	797,953	96,156

10. Deferred tax liability

Components of net deferred tax liability:

(Rs. '000)

	As at 31 March 2010	As at 31 March 2009
Deferred tax liability, primarily on account of:		
- Accelerated depreciation	2,668,128	2,906,101
Deferred tax assets on account of:		
- Unabsorbed depreciation and tax losses*	1,214,808	1,453,210
- Effect of expenditure debited to profit and loss account in the current / earlier years but allowable for tax purposes in following years	36,823	32,000
- Provision for doubtful debts and advances	21,798	20,889
	1,273,429	1,506,099
Net deferred tax liability	1,394,699	1,400,002

* excluding deferred tax asset aggregating Rs. 2,583,559 thousand (Previous year Rs. 2,477,129 thousand) on unabsorbed depreciation on account of disputes with the taxation authorities.

11. Obligation on long term non-cancellable operating lease:

The Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement is as follows:

(Rs. '000)

	2009-10	2008-09
Lease rentals charged during the year	51,419	55,729

(Rs. '000)

	Total future minimum lease rentals payable as on 31 March 2010	Total future minimum lease rentals payable as on 31 March 2009
Within one year	16,684	-
Later than one year and not later than five years	66,736	-
Later than five years	56,509	-
Total	139,929	-

12. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 343,481 thousand (Previous year Rs. 186,424 thousand).

13. Contingent liabilities not provided for :

(Rs. '000)

	As at 31 March 2010	As at 31 March 2009
Excise matters in dispute/ under appeal	628,613	613,413
Income tax matters in dispute/ under appeal	122,451	37,168
Sales tax matters in dispute/ under appeal	46,378	5,605
Claims by ex-employees, vendors, customers etc.	12,391	15,733

14. Derivative instruments and unhedged foreign currency exposure**(a) Foreign currency forward contracts outstanding:**

(Rs. '000)

Purpose	As at 31 March 2010		As at 31 March 2009	
	USD	INR	USD	INR
Sell				
Hedge of expected future exports	13,593	609,087	10,444	529,720
Buy				
Hedge of creditors, buyers' credit and foreign currency loans	65,107	2,917,445	86,000	4,364,500

(b) Particulars of unhedged foreign currency exposure:

Particulars	Currency	As at 31 March 2010			As at 31 March 2009		
		Amount in foreign currency ('000)	Exchange rate (in absolute rupees)	Amount in (Rs. '000)	Amount in foreign currency ('000)	Exchange rate (in absolute rupees)	Amount in (Rs. '000)
Trade receivables	USD	6,345	44.80	284,256	381	50.72	19,324
Other receivable	USD	-	-	-	1,938	50.72	98,295
	Euro	-	-	-	698	67.58	47,171
Trade payables	USD	-	-	-	868	50.75	44,051
	Euro	149	60.55	9,021	152	67.64	10,281
	JPY	652,323	0.48	313,115	63,079	0.52	32,801
	CHF	-	-	-	7	44.64	312
Advance from customer	USD	296	44.81	13,264	47	50.75	2,385
Loans (including interest payable)	USD	37,227	44.81	1,668,142	25,036	50.75	1,270,577
	Euro	41,456	60.55	2,510,161	51,696	67.64	3,496,717

15. During the year, the Company had applied to banks and financial institutions for reschedulement of certain long term borrowings. Subsequent to the year end, the banks and financial institutions have approved the reschedulement 'in principle' with certain terms and conditions and the Company has initiated steps either to comply with such conditions or is in the process of renegotiating the same with the respective lenders.

16. Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of the 'The Micro, Small and Medium Enterprises Development Act, 2006 are given below:

(Rs. '000)

Sl. No.	Particulars	2009-10	2008-09
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	- principal amount	94	22,549
	- interest thereon	-	-
(ii)	the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day:		
	- principal amount	356	-
	- interest thereon	-	-
(iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	23	-
(iv)	the amount of interest accrued and remaining unpaid	25	-
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

17. There are no amounts due to be deposited with the Investor Education and Protection Fund in respect of unclaimed dividends (Previous year Nil).
18. During the previous year, buyers' line of credit was shown under the 'unsecured loans'. However, during the current year on account of reconsideration of facts by the management, the same has been shown under the 'secured loans'.
19. The figures relating to previous year have been regrouped, wherever necessary, to conform to the current year's classification.

As per our report attached to the Balance Sheet.

For **BSR and Associates**
Chartered Accountants
Firm Registration No.: 128901W

For and on behalf of the Board of Directors of Indo Rama Synthetics (India) Limited

Kaushal Kishore
Partner
Membership No.: 090075

A. K. Ladha
Director

N. C. Jain
Company Secretary

O. P. Lohia
Chairman and Managing Director

Ravindra S. Singhvi
President and CFO

Place : Gurgaon
Date : 25 September 2010

Place : New Delhi
Date : 25 September 2010

Balance Sheet Abstract and Company's General Business Profile

(As per Schedule VI Part (iv) of the Companies Act, 1956)

a) Registration Details

Registration no.

State Code :

Balance Sheet date:
Date Month Year

b) Capital raised during the year (Amount in Rs. thousand)

Public issue

Bonus issue

Rights issue

Private placement

c) Position of mobilisation and deployment of funds (Amount in Rs. thousand)

Sources of funds :

Total liabilities

Paid-up capital

Secured loans

Deferred tax liability

Total assets

Reserves and surplus

Unsecured loans

Application of funds :

Net fixed assets (including capital work in progress)

Foreign currency monetary item translation

Net current assets

Accumulated losses

Investment

Deferred tax asset

Miscellaneous expenditure

d) Performance of Company (Amount in Rs. thousand)

Turnover (including other income)

Profit before tax

Earning per share (Rs.)

Total expenditure

Profit after tax

Dividend rate %

e) Generic Name of three Products/Services of Company (as per monetary terms)

1) Item Code No. (ITC Code)

Production Description

2) Item Code No. (ITC Code)

Production Description

3) Item Code No. (ITC Code)

Production Description

Marketing Offices

Bhilwara

85-27/28, Basant Vihar,
K.C. Textile Building,
Opposite Circuit House,
Bhilwara - 311001, Rajasthan, India.
Tel : 01482-237576, Telefax: 01482-237733

Coimbatore

"Sarang", 1st Floor,
8/5 Race Course Road,
Coimbatore - 641018,
Tamil Nadu, India.
Tel : 0422-2220456, Fax: 0422-2220658

Erode

No. 3, Ganapathypuram,
Karungalpalayam,
Erode - 638003,
Tamil Nadu, India
Telefax: 0424-2240847

Gurgaon

20th Floor, DLF Square,
DLF Phase-2, NH-8,
Gurgaon - 122002, Haryana, India.
Tel: 0124-4997000, Fax : 0124-4997070

Ludhiana

B-XIX-122/2, 4th Floor,
Golden Plaza, The Mall Road,
Ludhiana -141001, Punjab, India.
Telefax: 0161-5045068 / 2442752

Madurai

No. 102/G-1, Kameshwara Apartment,
Sathya Sai Nagar Main Road,
Madurai - 625 005, Tamil Nadu, India.
Telefax: 0452-2694804

Mumbai

The Metropolitan, 6th Floor,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400051,
Maharashtra, India.
Tel: 022-26571234, Fax: 022-26571222

Silvassa

A/9, 1st Floor,
Gurukrupa Business Centre,
Opp. Kotak Mahindra Bank,
Vapi Main Road, AmlI, Silvassa - 396230,
UT of Dadra & Nagar Haveli, India.
Tel: 0260-2643416/17, 2644519

Surat

202, Trividh Chambers,
Opp. Fire Station, Ring Road,
Surat - 395002, Gujarat, India.
Tel: 0261-2339368 / 2350701

Tirupur

4/5, Alagappa Complex,
1st Floor, Opp. Tamilnadu Theatre,
Palladam Road, Tirupur - 641604,
Tamil Nadu, India.
Telefax: 0421-2217994

Manufacturing Complex

A-31, MIDC Industrial Area, Butibori,
Nagpur - 441122, Maharashtra, India
Tel: 07104 - 663 000/01, Fax: 07104 - 663 200

INDO RAMA
Synthetics (India) Limited

Corporate Office

20th Floor, DLF Square, DLF Phase II, NH 8, Gurgaon - 122002, Haryana, India
Tel.: 91 - 124 - 4997000 | Fax: 91 - 124 - 4997070

Registered Office

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Email: corp@indorama-ind.com | Website: www.indoramaindia.com